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New Planning Minister Outlines Objectives

Focus on Social Projects, Economic Growth

33480008c La Paz PRESENCIA in Spanish
23 Sep 88 p 6

[Text] An effort will be made to do more on the social front by channeling foreign aid properly and improving internal administration. This will work to the benefit of the least favored sectors of the population, stated the minister of planning and coordination, Fernando Romero. He explained that it is not a matter of imbuing the government's economic policy with a more "social orientation," because it never lacked such an orientation.

Romero stated upon taking office that he has four basic objectives. The first is to preserve the government's most valued accomplishment, economic stability. This means a balance between positive and negative concepts. Thus, not only is there stability in the exchange rate, but also in aspects such as the balance between revenues and outlays and the adequate distribution of them.

Secondly, the objective in the area of reactivation is to implement all agreements or possibilities for foreign financial support in order to meet the targets of productive growth.

For this purpose, the formula will be a management style of administration that is as agile, imaginative, and efficient as possible, because, he added, "I believe that a lot remains to be done on the part of this ministry in particular, and the public administration in general."

Thirdly, as a legacy to the future government and the country, he will seek to find a permanent solution to the foreign debt problem, one that is as favorable as possible.

He acknowledged that a great deal has been done so far, but that recent international circumstances have opened up new and favorable possibilities for facing this problem.

"My final objective," stated the planning minister, "is to do something more in the social area," drawing on the experience he had at the head of the Social Emergency Fund.

In many cases, the problem is not a lack of resources for this sector, he noted, but mismanagement. In this regard, administrative efficiency will be encouraged while at the same time refocusing foreign aid, turning it toward the social sphere.

"If I manage to reach these objectives, which were already under way before," he added, "I will feel satisfied that I contributed something to the country."

Exports and Private Investment Targeted

33480008c La Paz PRESENCIA in Spanish
23 Sep 88 p 7

[Text] The National Development Strategy projected for the 1988-1997 period is oriented toward providing incentives for exports and creating the conditions necessary to carry out private investment under stable conditions. Development will be promoted in four economic sectors: hydrocarbons, mining, agriculture, and light industry.

This technical project that the Planning Ministry is implementing "is a national development program that is being offered to the country. It emphasizes growth with stability of prices, that is, growth with low inflation. All social groups in the country will be able to share its fruits," stated the chief of that program, Dr Juan Antonio Morales.

In an interview granted to PRESENCIA, he pointed out that the strategy relies on exports as the primary engine of growth. If the strategy is dynamic, he explained, the sector will be invigorated. The main agent of development would be the private sector, with emphasis on stable private investment and substantial volumes. In this connection, three kinds of instruments are under consideration for grouping private investments:

The first, which is already in use, is to maintain macroeconomic stability, that is, stability with low inflation, a realistic exchange rate, access to credit on reasonable terms, and taxes that do not penalize production.

The second group of instruments has to do with the reiteration of guarantees for the private sector. Bolivian legislation provides all the guarantees, but here it is a question of reaffirming them so that investors will be encouraged to participate, said Morales.

The guarantees are basically against the risks of nationalization or expropriation with inadequate compensation, and the risks of not being able to obtain foreign exchange to repatriate profits or to repatriate investments made in the country, as the case may be. Another guarantee is related to the fact that the government would not, except in unusual cases, set prices for its production on the domestic market. Nor would the state promote state enterprise activities in areas where private investment is already present.

The third instrument for encouraging the private sector is coordination with the public sector. Morales indicated that the latter would provide information and technical assistance, or would also participate in manpower training.

He reported that the strategy is based on the development of four sectors: hydrocarbons, mining (with a very far-reaching rehabilitation of the sector), agriculture (in

which both peasant and commercial farming would receive a great boost), and finally light industry (except for those industries that would be set up under agreements with Brazil).

Paz Zamora Says 1989 Electoral Confrontation To Center on ADN, MIR

33480008b Santa Cruz de la Sierra EL MUNDO
in Spanish 17 Sep 88 p 9

[Text] Presidential candidate Jaime Paz Zamora, currently head of the Movement of the Revolutionary Left (MIR), predicted that the elections of May 1989 will be focused on the contest between the Nationalist Democratic Action (ADN) and his party. He downplayed the role of ruling party candidate Gonzalo Sanchez de Lozada, claiming that only the press talks about him, not the people.

In an interview with EL MUNDO, he stated that in the 1985 and 1987 elections, both the ADN and the MIR pulled ahead of the other competitors in the campaign marathon, and there is no reason to expect any change in this situation in the short run.

Another thing that was also observed in 1987, he noted, is that the ADN is on the rise while the MIR is on the decline. The other contestants remain behind, and this proves that the electoral confrontation will necessarily be between these two parties, he emphasized.

Later on, he called upon the national electorate to avoid spreading the vote too thin, because the country needs a strong government to guide the nation over the next 4 years.

He urged the Bolivian people to vote for either the ADN or the MIR, but for one of them, to ensure that the incoming government will be strong. He went on to argue that it would be better for them to vote for Paz Zamora.

With regard to the ruling party candidate, Paz Zamora stated that only the press talks of him, not the people. He ruled out any possibility of a victory for that candidate in the upcoming elections.

MIR Not Responsible for Dollar Drain

Regarding the fear among the populace, primarily among savers, that the MIR will cause another drain of dollars from the economy if it comes into power, Paz Zamora said his "party never drained the national economy of dollars." He attributed that measure to the government of the Democratic and Popular Unity (UDP), particularly Dr Hernan Siles Zuazo, arguing that the model of government followed in this country is characterized by a strong presidency.

"The MIR never drained the national economy of dollars, and will never do so. We savers—and I am one of them—can rest assured that this measure will never be taken by the MIR," he said.

Nevertheless, Paz Zamora seems to have forgotten that it was precisely the MIR that inspired this measure, from the position of the Finance Ministry. That ministry and all the economic cabinet positions were controlled by his party.

Current Economic Model Will Not Continue

Jaime Paz Zamora rejected the notion of continuing the current economic model in the country, contending that the MIR will have its own program. It will be characterized primarily by stabilization, but also by reactivation and a broad social and participative content.

He said that for his party the main thing will be production, reactivation, growth and job creation in parallel, improved wages, and everything involved in social betterment.

He reiterated that his party never announced that it would keep the current economic model, arguing that it was his political adversaries who tried to portray the MIR to the people as an advocate of maintaining the country's current economic policy.

New National Plan Proposed

The MIR candidate indicated that the creation of a regionalized national state, as proposed by the leadership of the Pro Santa Cruz Committee, is part of a major national plan for construction and for the social, economic, and political changes that will make that construction possible.

He stated that the various regional and sectoral proposals will revolve around this theme, in the areas of agriculture, economics, health, and education. The idea of the new national plan to build the country and to institute economic and political changes will be the centerpiece of all these efforts.

Social Democratic Not Financing MIR Campaigns

When asked about the financing his party receives for its election campaigns, Paz Zamora denied that the Social Democratic International is providing it. He contended that the funding comes more from sympathizers than from party members.

The MIR, he said, is an austere party. Its campaigns are oriented more toward popular rallies than toward money. Proof of that is that despite the need, so far the party has not bought any medium of the press, be it radio, television, or newspaper.

He stated that the MIR has close ties to the Social Democracy movement, as well as with Yasser Arafat, the Israelis, the Democrats in the United States, and Fidel Castro, but noted that none of the political organizations is a financial institution.

MBL and MIR-Masses Depend on Marxism

With respect to the differences between his party and those that broke away in party schisms, Paz Zamora said that there is one difference; one merely has to look at their location to appreciate the major disparities among the three parties.

The MBL [Free Bolivia Movement] and the MIR-Masses "did not go anywhere," he said, "but simply returned to the traditional left, the traditional Marxist left of Bolivia, where the MIR never wanted to be. The same factors now demonstrate the reason for the schism, because the MIR is part of the modern national left, but they returned to the traditional left. And this, with all due respect, is not a valid answer for the country."

Larger Role for Private Enterprise

The MIR candidate argued that his party gives private enterprise "a larger role than private enterprise gives itself. We want it to be a much more dynamic factor, a generator of foreign investment that can attract capital and invest it and reinvest it in the country. Private enterprise should become a stimulating factor in the national economy, because I believe it is not serving that function completely."

"Some sectors are serving that function, but we don't see that in the private sector as a whole. So we envision a business sector with a national sense of social participation. In some cases there are one-man operations, but we incline toward partnerships," claimed the MIR leader.

He said that if the MIR wins the presidency, it will support all private production associations, not one-man operations. He stated that his party has the greatest capacity for attracting foreign resources because of its international relations. It should be noted that during the UDP government, the MIR also promised to attract foreign investment, but such investments never materialized in the country.

MNR-ADN Pact Provides for 'Alternation' of Power

33480008a La Paz HOY in Spanish 23 Sep 88 p 16

[Text] The members of the Nationalist Democratic Action-Revolutionary Nationalist Movement (ADN-MNR) coalition yesterday ratified their decision to promote the objectives of the so-called "Pact for Democracy" that was signed by the chiefs of the two parties in late 1985, reported ADN Deputy Antonio Ormachea Mendez.

Alvaro Perez del Castillo, Guillermo Bedregal, Juan Carlos Duran, and Andres Petricevic, representing the MNR; and Guillermo Fortun, Walter Soriano, and Antonio Ormachea as delegates from the ADN, met yesterday at the Foreign Ministry after a 2-month recess.

According to the report provided by Deputy Ormachea, the MNR and the ADN agreed on the need to uphold the principles of the "Pact for Democracy," which implies "alternation" of power and the coordination of parliamentary tasks with the plans of the executive.

Constitutional Reforms

With regard to the constitutional reforms that will be studied in Parliament soon, the two parties decided that a committee made up of ADN Senator Mario Rolon Anaya and a member of the MNR delegation will begin studying all the proposals and initiatives that exist in this regard.

Nevertheless, the coalition agreed that the best way to pass the reforms is through the mechanism provided by the Political Constitution of the state. This means that during this session of Congress, the legislature would pass the law setting forth the need for partial reform, and in the next session it would begin considering the constitutional amendments themselves.

The coalition's decision discounts the notion of convening a constitutional convention or referendum, and confirms the procedure set forth in the Political Constitution of the state.

When asked why the two parties have not met in the last few months, Ormachea Mendez indicated that the reason was the flurry of political and administrative activities on the part of the MNR representatives in paving the way for the coalition, but that after the conclusion of the MNR convention they will resume the weekly meetings.

USSR To Negotiate Possible Sale of Airplanes, Helicopters

33480008e La Paz PRESENCIA in Spanish
25 Sep 88 p 1

[Text] (ANF)—The Soviet Government may provide the country with cargo aircraft and helicopters for the armed forces under trade agreements between Bolivia and the USSR. For this purpose, a demonstration of those aircraft is planned for early next year, confirmed the Soviet ambassador to Bolivia, Tajir Durdiev.

The diplomat stated that the Bolivian and Soviet Governments will firm up this possibility soon. The negotiation of the sale of Soviet equipment and machinery also includes riverboats, equipment for extracting and enriching ores for the petroleum, energy, electronics, and construction industries, and agricultural machinery.

These commercial transactions are advantageous for this country in that there is already a preliminary agreement to pay the total or partial cost of this equipment with national mining and non-traditional exports.

Ambassador Durdiev told ANF that the Soviet and Bolivian Governments may expand their trade on the basis of compensated trade arrangements.

YPFB To Begin Operations in Vuelta Grande Oil Field in 1989

33480008d La Paz PRESENCIA in Spanish
25 Sep 88 p 1

[Text] The Bolivian Government Oil Deposits (YPFB) has decided to begin productive operations in the Vuelta Grande oil field in the second quarter of 1989, reported officials of that entity.

The oil field is located in the province of Luis Calvo, Chuquisaca Department. It will produce 5,000 barrels of petroleum and 250 tons of gas per day.

The officials reported that the investment budget totals \$82.970 million, of which the World Bank contributed \$15 million. The remainder was covered by the state oil enterprise.

They explained that the YPFB now has 90 percent of the equipment and materials, which enables it to continue with the assembly work. The assembly should be completed by February 1989, which is right on schedule.

Increased Natural Gas Production

With regard to the increase in gas production, the officials reported that the YPFB is undertaking a program to replace liquid hydrocarbons with natural gas on the domestic market.

The plan seeks to boost consumption of this fuel, which is abundant in the country, in industry as well as household consumption, through residential facilities that will be built in various cities throughout the country.

A YPFB commission went to Oruro to deliver the feasibility study for the network of that district, which will require an investment of \$3.5 million.

At present, the sales volume of this product amounts to zero, but it is expected to exceed 5 million cubic feet 4 years from now.

The project will benefit a large number of customers, particularly in industry, because they can cut production costs by considerable percentages.

Its execution follows a basic strategy of increasing the levels of natural gas consumption in the country.

A pact was signed recently with officials and businessmen from Cochabamba, who will supply natural gas to that valley city. Consumption is expected to reach 5 million cubic feet per day in the next few years.

Survey of Leading Firms Shows More Sales, Less Profit in 1987

33420001a Sao Paulo VEJA in Portuguese
21 Sep 88 pp 108-109

[Text] It was a return to real life. After the illusion of the Cruzado Plan, which promised the country's economy in 1986 a growth equal to that of Japan and an inflation comparable to that of Switzerland, last year Brazil's major business firms had a performance geared to a growth in Brazil and also to an inflation in Brazil. Result: They sold more, but earned less, as has been disclosed by the traditional annual survey made by the magazine EXAME, in its special edition entitled "Bigger and Better," to be released at the end of this month. Economics professor Stephen Kanitz, of USP [Sao Paulo University], responsible for the EXAME study, remarks: "At least 76 Brazilian business firms are of international size, and might rank among the 500 largest in the world that FORTUNE and FORBES magazines publish every year. In spite of this, last year was one of the worst for the companies from the standpoint of their profits." The jolts to which the Brazilian economy was subjected in 1987 were numerous, beginning early, and all of them are reflected in the business firms' balance sheets. The year began faced with the threat of hyperinflation, continued with the moratorium and the downfall of Finance Minister Dilson Funaro, witnessed a second price and wage freeze signed by Bresser Pereira, and ended with an unprecedented runaway inflation imminent and a new finance minister. The impact of all that confusion was reflected in three items on the companies' balance sheets. In the first of them, what was observed was a sharp decline in profits: Last year they dropped 54.7 percent from 1986. In the billing column, the numbers show a better performance, with a real growth of 5.9 percent, that is, with the inflation of the period already discounted. Finally, the upheaval caused the companies' debt to drop sharply, in an obvious flight of business owners from high interest rates.

With prices out of synch since the period of the Cruzado Plan, and the fear of losses from leaps in inflation, business owners made severe readjustments, which explains the increase in billing. In the other area, profits declined by half, with the average income return in the 1987 "Bigger and Better" rating standing at 6.5 percent, compared with over 13 percent the year before. Finally, after having become accustomed to using loans as an ideal lever for growth, the country's major conglomerates put their foot on the brake and substantially reduced the level of their debts in 1987. They never owed so little over the last 20 years.

Flight From High Interest

Kanitz claims: "The companies tried to cut their debts in order to escape high interest." A parallel between the results in "Bigger and Better," the most complete and prestigious survey of its kind published in Brazil, and the rating in the reputable magazine FORTUNE, which lists

the 500 largest companies in the United States every year, shows that, unlike what occurred here, American business owners increased their debts greatly in 1987. Last year, they billed and profited as never before, and contracted loans in order to grow further still. Brazilian executives opted for the opposite course of action: Fearing what was to come, they took pains to redeem their notes and restrict their companies.

Still shining at the top of Brazil's largest companies in sales volume is a state enterprise, Petrobras [Brazilian Petroleum Corporation], with a billing of \$15.8 billion in 1987, five times larger than that of the Anglo-Dutch consortium, Shell, which ranks in third place on the list. But the giant's performance in 1987 was not even comparable to the results of the previous year, hailed as the best period in its 34 years of existence. Petrobras' profit margin was repressed throughout 1987, and fell precipitously in comparison with the gains of the year before. The chief of Petrobras' accounting and financial service division, Antonio Claudio Pereira da Silva, comments: "The year of the Cruzado Plan represents a very high basis for comparison. Besides, we have had to coexist with prices out of synch."

However, Petrobras' performance is far from comparable to the disaster that is again coloring the balance sheets of the state iron and steel companies red. Of the 20 companies accumulating the greatest losses in 1987, 6 are iron and steel enterprises managed by the government. The champion loser, with a gap of \$572 million, was again the National Iron and Steel Company, CSN. The poor results stem from a cyclical cause. The president of CSN, Juvenal Osorio Gomes, observes: "During the past 8 years, the state iron and steel companies have been stifled by the government's price controls."

But the public sector did not experience only losses last year. It was a state company, precisely, that posted the largest profit among the giants: Eleropaulo [Sao Paulo Electric Power Company], responsible for most of the electric power distribution in the state of Sao Paulo, and controlled by the Sao Paulo government. In this case, it was the rate hike granted by the government, exceeding inflation, that was the driving force behind the company's profits. When speaking of profitability, however, the overall situation of the state companies is grim. Among the 20 business firms with the greatest losses, 15 are state-owned, and they have shown up only five times among the 20 with the largest profits.

Exporters Gain

In the realm of private companies, 1987 was the exporters' year. The trading companies, which exported virtually nothing the previous year, when the demand on the domestic market was striking hard blows to the companies' production capacity, recovered all the ground lost during the previous year, and headed the list of most profitable companies. Gaining a foothold in other countries was also one of the levers bolstering the sales of the

Odebrecht construction firm with main offices in Bahia, converting that conglomerate of 30 companies into the largest national private group, unseating from first place the Pao de Acucar group of Sao Paulo which, individually, remains the top-ranking one in billing among national private companies. The vice president of the Bahia conglomerate, Emilio Odebrecht, claims: "Our good performance was a result of the diversification that we began in 1978, and of exports." The group, which had its origins in heavy construction, is currently operating in the chemical and petrochemical industry, in oil prospecting, and in computers, and it also has activities distributed from Argentina to India.

It was exports as well that made the Suzano Paper and Cellulose Company one of the leaders in its sector, jumping over 30 places in the "Bigger and Better" ratings. Company president Leon Feffer comments: "We have grown by increasing our share of international trade." This year the growth trend of the sector is even more marked. Last Friday the Bank of Brazil's Foreign Trade Department announced another record in August: The surplus in the Brazilian trade balance was \$2.069 billion, the largest of all time.

Some private companies, however, also posted major losses. Varig, the country's largest air transport company, had losses of nearly \$225 million in 1987. Its president, Helio Smidt, says: "These were the worst results in the company's history." For Varig, a traditionally solid, well-managed company capable of showing profits year after year, the losses in 1987 were a result of the out-of-synch air fares set by the government and the shrinkage in passenger demand. The giant Volkswagen, the German branch of the Autolatina consortium, also had its balance sheet in the

red, owing to the stringent price control that the government imposed last year, culminating in the clash between the president of the assembly plant, Wolfgang Sauer, and then Finance Minister Bresser Pereira. Sauer won the argument, and the government eased the restrictions, but it was too late: Volkswagen ended the year with nearly \$200 million in losses.

"Without a shadow of doubt, the economic picture is considerably better this year," claims Luiz Fabiani, director-president of the Cica food industry, one of the companies that emerged from the red last year. "There is a certain amount of stability in the regulations that was totally nonexistent in 1987," continues Fabiani, who has been in command of Cica since the company was sold by the Bonfiglioli group to the Italian group, Ferruzzi, in May of last year. Based on Prof Kanitz's assessment, the growth of the economy, which was virtually nil in 1987, will be linked more than ever before to the reinvestment of the companies' profits. He comments: "The government will have to release the bonds on the economy, if it doesn't want the country to end up sinking into an unprecedented recession."

The Stand-Outs of the Year

- Largest holdings: Federal Railway System
- Largest billing: Petrobras
- Largest profit: Eletropaulo
- Greatest losses: National Iron and Steel Company
- Greatest sales growth: Souza Cruz Trading
- Greatest sales decline: Rio Doce Coffee
- Highest income-producing: Souza Cruz Trading
- Lowest income-producing: Copersucar
- Deepest in debt: Lloyd Brasileiro
- Least in debt: Brazauto Export

(Source: "Bigger and Better"-EXAME)

Performance of the Giants: Ranking of the 50 Largest Companies in Brazil, Based on 1987 Sales Volume

1987 Rank	1986 Rank	Company	Sales (US\$ millions)	Sales Growth (%)	Net Profit (US\$ millions)	Stock Control
1	1	Petrobras	15,817.1	0.8	133.8	State
2	2	Petrobras Dist.	5,188.1	4.4	33.1	State
3	3	Shell	3,014.4	0.2	45.1	British/Dutch
4	4	Volkswagen	2,786.3	6.8	-190.0	German
5	5	Souza Cruz	2,703.3	8.1	37.0	British
6	9	General Motors	2,031.8	—	—	American
7	13	Eletropaulo	1,933.1	26.6	160.2	State
8	7	Esso	1,920.5	-6.6	25.9	American
9	12	Vale do Rio Doce	1,750.6	12.0	-189.7	State
10	6	Pao de Acucar	1,741.4	-22.3	2.5	Brazilian
11	10	Copersucar	1,726.3	5.9	5.4	Brazilian
12	8	Ford	1,670.3	-14.7	-27.8	American
13	14	Texaco	1,583.4	4.1	32.9	American
14	19	Cesp	1,581.7	33.8	-32.0	State
15	11	Atlantic	1,578.2	-0.2	15.0	American
16	24	Furnas	1,495.1	51.0	9.8	State
17	21	Mercedes-Benz	1,478.6	36.1	154.4	German
18	17	CSN	1,411.7	3.9	-571.9	State

Performance of the Giants: Ranking of the 50 Largest Companies in Brazil, Based on 1987 Sales Volume

1987 Rank	1986 Rank	Company	Sales (US\$ millions)	Sales Growth (%)	Net Profit (US\$ millions)	Stock Control
19	16	Varig	1,308.4	-4.8	-224.8	Brazilian
20	38	Andrade Gutierrez	1,258.4	79.2	99.3	Brazilian
21	28	Fiat Automobiles	1,215.4	36.9	-20.0	Italian
22	23	Pirelli	1,150.0	14.6	79.3	Italian
23	18	Usiminas	1,122.8	-6.0	-256.8	State
24	22	Nestle	1,092.1	5.6	53.6	Swiss
25	20	Ipiranga Petroleum	1,079.3	-3.6	13.9	Brazilian
26	39	Carrefour	1,045.5	16.4	21.1	French
27	26	IBM Brasil	1,000.8	—	—	American
28	50	Odebrecht	978.4	70.4	70.3	Brazilian
29	35	Gessy Lever	914.0	24.4	38.0	Dutch
30	45	Philips	912.4	—	—	Dutch
31	36	Goodyear	867.2	—	—	American
32	32	Telesp	852.1	10.6	142.9	State
33	27	Cosipa	840.3	-5.5	-350.4	State
34	41	Cemig	839.3	25.3	-51.5	State
35	37	Copene	794.0	12.4	77.6	Brazilian
36	46	Light	779.3	26.7	120.9	State
37	31	Rhodia	775.1	-5.0	55.8	French
38	30	Cotia Agri. Coop.	772.8	-8.5	3.8	Brazilian
39	48	Brahma	746.1	-2.6	20.4	Brazilian
40	29	Mendes Junior	694.6	-19.2	-69.7	Brazilian
41	49	Embratel	685.1	18.3	33.1	State
42	60	Alcoa Aluminum	655.7	37.8	14.5	American
43	33	RFFSA	649.4	5.4	8.4	State
44	15	Interbras	648.5	-52.9	4.4	State
45	42	CST	640.0	-2.0	-273.8	State
46	25	Cobal	639.2	-34.8	15.9	State
47	43	Sanbra	621.0	-3.1	-10.7	Argentine
48	34	Sendas	616.8	-16.4	5.5	Brazilian
49	78	Firestone	608.3	—	—	American
50	40	Mesbla Stores	587.8	-12.2	8.5	Brazilian

Source: "Bigger and Better"—EXAME

Businesses Attempt To Reduce Inventories

33420003a Sao Paulo VEJA in Portuguese
5 Oct 88 pp 104, 105

[Text] Industry is acting in advance of the market, engaging in promotional campaigns and actually increasing sales.

Since last week Brazilian consumers have been able to do things never before heard of, the explanation being that we are now experiencing a rate of inflation without precedent. Thus it has become possible to buy a stove payable in 25 monthly payments, purchase a brand-new automobile at 35 percent below the book price and take home a new television set, signing a promissory note which—in 2 years' time—will have a pay-back value equal to that of the equipment itself, unadjusted to be sure. The companies involved in those promotional campaigns are Brastemps, the biggest industrial firm in the refrigerator, stove and washing machine sector;

Fiat, the fourth largest domestic manufacturer of automobiles; and Mitsubishi, which boasts 15 percent of Brazil's television market. With one eye on the purse of the consumer, victim in September of 24.01 percent inflation announced Thursday by the government, and the other on the sales charts, the three firms decided to engage in a price-cutting measure which heretofore was the exclusive prerogative of the retailer: that of blitzkrieg sales-promotion campaigns which, in a short time, enabled them to bill huge quantities of products held in stock.

"The market is very cold," observes Antonio Cesar Bonamico, director and superintendent of Brastemps. "In a crisis situation we need to come up with creative ideas." Brastemps used a new approach to boost its sales. On 25 September the company launched what it calls the Brastemps Consortium which functions somewhat like the procedure used by the automotive sector, having a maximum payment period of 25 months. To reach a

given quota in any branch of the Brastemps distribution network, the branch manager has two possibilities: by auction or by drawing lots. At the end of the term, the branch manager may choose to handle another Brastemps product by paying the difference in the price of the items involved. "Industry has always conducted promotional campaigns," asserts Aldo Lorenzetti, president of the Brazilian Electric and Electronic Industry Association. "The only difference is that previously the advantages were passed on by the companies to the market which in turn passed them on to the consumers at the sales outlets. Now business is conducted directly with the factories."

Impossible Installment Plan

The change in strategy adopted by the firms was forced upon them by rampant inflation. With prices keeping close pace with the official index and wages being adjusted by the URP [People's Revolutionary Union], the products were becoming increasingly expensive month by month and further from the purchasing power of the consumer. Hardest hit by reduced sales was the durable goods sector, including home appliances and vehicles. Another reflection of the runaway inflation was the almost total disappearance of credit purchases, previously accountable for a broad share of sales but now absolutely unacceptable due to the interest tacked on by the finance department and amounting to as much as 2,000 percent per year. For example, at Brastemps 75 percent of the cost of the product was passed on to the consumer by the store's finance department. Installment plans now account for only 15 percent of the firm's sales. "We do not expect to increase our share of the market through the consortium," says Bonamico. "We want only to change the present sales profile and decrease our dependence on cash purchases."

Fiat's situation is quite different. With less than 1 month remaining until the launching of the 1989 models, the company was astonished to learn that its network of 290 franchises throughout the country had accumulated stocks of as high as 23 days; the normal situation is a maximum of 10 days. Fiat then called a meeting of its distributors and, last week, launched the Fiat Shopping Show. The assembly plants proceeded to invoice the distribution network for its vehicles at prices below those authorized by the CIP [Interministerial Price Council]. The retail sector in turn reduced its profit margin, with the result that 1988 Fiat cars were sold for cash at discounts of as much as 35 percent below the September price control list.

Less Sold Than in 1980

The difficulties encountered by industry in getting rid of its accumulated production stem from a change in the market attitude. "In the past the merchant was able to maintain large quantities of goods in stock," recalls economist Atalmiro Carvalho, economic adviser to Sao Paulo's Commercial Federation. "These days, with exorbitant

inflation and sky-high financial costs, no merchandise can remain in the window very long." According to Atalmiro, commercial stocks which were intended to provide a 4-month supply when inflation was low now provide a supply of 15 days maximum. This drop in stocks is attributable to a decrease in economic activity. As of August, sales, although somewhat recovered from the level experienced at the beginning of the year, were still almost 3 percent below those of the same period in 1987. The market sales volume this year is lower than that of the first 4 years of this decade—when the country was submerged in one of the worst recessions in its history. "Our expectation is zero growth in 1988," says Atalmiro Carvalho of the Commercial Federation.

It was with the aim of escaping from this period of stagnation that a firm of the magnitude of Mitsubishi initiated last week a promotional campaign which turned out to be the greatest demonstration of lack of confidence in measures designed to reduce inflation. Each purchaser of a television set was made to sign a promissory note in the amount of today's purchase price but redeemable in 24 months. On the assumption of zero inflation, 2 years from now upon redemption of the promissory note the consumer would get back precisely what he paid. With inflation at 20 percent per month as at present, by October 1990 he would have only a fraction of the money. A promissory note of, say, CZ\$300,000 at today's values will represent about CZ\$4,000. Instead of a television set which will cost CZ\$23 million, the consumer would be able to purchase no more than half a dozen batteries for a portable radio. The attractive aspect of this negotiation is much less one of arithmetic than one of psychology: Given a choice of buying a television set without a promissory note and buying one with such a note, Mitsubishi believes that many people will feel better opting for the latter choice. The firm is wagering that this promotion will double its share of the market. "Since it is not possible to count on an overall growth in the economy, we are determined to grow by increasing our sales," says Jairo Sivek, director of publicity of Evadin, the company which manufactures Mitsubishi products in Brazil.

Other firms preferred more orthodox methods to stimulate their sales. Last Tuesday in Sao Paulo, Agrale, a domestic manufacturer of tractors, buses, and motorcycles headquartered in Rio Grande do Sul established a national consortium for its product line. This measure was undertaken because of the decline in the sale of tractors and trucks despite good employment in the agricultural sector. By September the sale of Agrale tractors had dropped to almost half of what they were during the same period of the previous year. With the new consortium Agrale will offer payment terms of as much as 36 months for the purchase of its vehicles; through this procedure the firm hopes to recover from the current sales fiasco. "At present, the consumer prefers to use his money to purchase consumer goods," asserts Francisco Stedile, Agrale's president. "The challenge of any firm these days is to convince its customers that making a purchase is not an act of extravagance."

Visit With Internationalists in Mozambique
32480005b Havana BOHEMIA in Spanish No 31,
29 Jul 88 pp 72-73

[Text] It was not even necessary to break the ice at my first meeting with a large group of Cuban internationalists working in Beira, capital of Sofala Province.

They had been called together by Pedro Luis Torres, head of the collective and, meeting with them, I soon felt as if I were in a corner of Cuba. The 20 or so technical assistants had been on the job for varying lengths of time, some for several months, while others, like Dr Alejandro Hernandez, were relatively new arrivals. All were naturally homesick for their green Caribbean island and logically anxious to hear about the latest events. Jokes and laughter abounded and, even without a record player or drinks, the meeting soon turned into a brotherly party.

Sabino Mota, professor of history at an educational institute, told me that a total of nine teachers are lending their cooperation in the field of education: two at the institute, three at the Samora Machel Preuniversity School, two at an industrial institute, one at a commercial-industrial school and finally, one serving as provincial adviser.

I asked what the general impression of the students was and the unanimous response was immediate: "They are very disciplined and studious."

"We communicate easily. Perhaps the language helps."
"We are always willing to help them, review, clear up any doubts."

Internist Ana Hilda Sanchez, a Creole and always smiling, then spoke: "The medical team, including myself, is made up of six technical advisers: a psychiatrist, a pediatrician, a stomatologist, a maxillofacial specialist and a gynecologist. Five work at Central Hospital in Beira and the stomatologist is at a health center."

Then came the anecdotes concerning the general health care picture, the precarious conditions, the lack of resources and drugs. Like the four horsemen of the apocalypse, malaria, measles, poliomyelitis and anemia were mentioned. But pellagra and beriberi are also a constant scourge. Filling out the general picture are all the diseases caused by hunger and vitamin deficiencies.

Psychiatrist Rodolfo Crespo told how stress factors relating to the war have a negative effect on the psyche of Mozambican men and women.

Electronics engineer Alejandro Denis is a technical adviser in fishing: "Cuban cooperation is small in this area compared with the development of the sector here."

His work basically involves the repair of electronic equipment. "We have, along with others, a ship captain, a man in charge of engines, an adviser and a communications technician."

Alfredo Rodriguez, is a loquacious air controller at Beira International Airport. He painstakingly details his complex, highly responsible work.

Killing Time

"What is your life together here like?" I asked. "Here we are like brothers." They are naturally always looking for ways to relieve the boredom.

Do they receive newspapers? "Of course! We end up learning BOHEMIA by heart." "But we don't get MUJERES Y MUCHACHAS," they protest.

What other ways do they have of killing time? "Well, there are the welcoming or farewell parties." "We have an electronic gadget for killing time," someone whispers to me. What is it? "A VCR, man! The thing is to keep your mind occupied."

Dr Ana Hilda Sanchez, the eternal spokeswoman, advises that "mental health is absolutely essential."

But no one must be left out, especially Heriberto Rodriguez, general secretary of the party cell, or Zobeida Echevarria, teachers at the FRELIMO [Mozambique Liberation Front] provincial school and both methodological advisers.

Picture-taking time finally arrives. "I am a very poor photographer," I warn them. Nevertheless, the biggest picture of them all was not registered on film, but in my heart.

'Anti-Social' Behavior at Concerts, Baseball Games Examined

32480005a Havana BOHEMIA in Spanish No 28,
8 Jul 88 p 86

[Letter to the editor]

[Text]

Comrade Magali Garcia More, Editor of BOHEMIA

Dear Comrade:

I am a young worker who feels a need to analyze a phenomenon that has occurred all too frequently in our country. I am therefore writing to you.

The qualitative improvement in the wide range of scientific, athletic, cultural, and entertainment events held in our country has brought our people ever closer to various trends and issues in the world as a whole and consequently raised the intellectual level of a people active in all that surrounds us.

As the culmination of the national celebration honoring the 60th birthday of the Heroic Guerrilla Soldier, a concert was recently held in the historic Jose Marti Plaza de la Revolucion to commemorate that significant date. The concert was a milestone that broke with time-honored tradition in introducing, along with the dance, ballet, so-called "classical" music, modern song and poetry, three well-known pop music groups: Van Van, Reve, and Adalberto y su Son.

When the national press published the program, the announcement gave rise to a flood of comments, both for and against. Indeed, many did not go to the Plaza in order to avoid what might happen, what actually did happen, perhaps for that very reason: For the first time in years, one noted the absence, at a concert of such revolutionary magnitude, of dozens of Cuban flags, revolutionary placards, posters or portraits of Che.

We do not believe it was precisely the choice of the bands mentioned that was responsible for the antisocial and negative attitude of the groups which tried, albeit unsuccessfully, to alter the beauty of that night. Nevertheless, experts should analyze what subculture (because it is not Cuban culture) backs such presentations of different groups practicing the so-called "pop" or "dance" music.

If we go back in time, we can observe other manifestations of bad manners and misbehavior at more than one activity or event.

At a concert held at the Ciudad Deportiva on 4 April, dedicated to the anniversaries of the UJC [Union of Young Communists] and the OPJM [Jose Marti Pioneers Organization], we saw the disgraceful manner in which young people honoring their organization and artists presenting the new music were received by fans of the genre. At the closing ceremony of the Bolero de Oro Festival held at the Mella Theater, through no fault of event organizers, shameful incidents occurred that caused the final day to begin 2 hours late! Likewise, during the presentation of Fito Paez and Juan Carlos Baglietto at the Karl Marx Theater during the Varadero festival, one unfortunately had to witness the misconduct of a number of spectators who rushed onto the stage. Nor can we forget the damage done to theaters and movie houses in the capital during other events.

Nor is it solely at cultural events that we have had to deplore the undesirable attitude of such groups. For example, at the recent baseball all-star tournament, fans

instigated incidents involving players on opposing teams, resulting in a change of location for the series in question, which also happened in soccer, and the suspension of top-level athletes.

I therefore ask: Why?

Most famous figures in the world of science, literature, sports, and politics who have visited our country have always expressed the view that we are a hospitable, simple, honest people. On more than one occasion, foreign artists have marveled at how wonderful it is to perform for a public such as ours. For their part, athletes who have competed on our soil have returned home to tell of the fairness and intelligence of our audiences, which always applaud those who give their best for their sport, regardless of the final outcome.

How then can we allow a group of citizens to ruin the image we have created over the years? Do we not want to continue to be that fine public?

Naturally, we want to continue to be honest, fair, enthusiastic and respectful and we also intend to be better. But we must reflect seriously upon what has been said here.

We believe that we must, to the extent possible, expand the range of entertainment, high-quality entertainment, available to young people, thus avoiding the impact of too infrequent presentations while satisfying the people's interests. Appearances by the most popular and not-so-popular groups should be more frequent and less centralized. Having hundreds of persons at the Tropical is not the same thing, for example, as alternatively presenting the most and least popular groups at different locations in the city, thus preventing congestion and problems. It would also be an excellent idea to take advantage of the dozens of parks and plazas everywhere to launch a veritable campaign with the movement of performers involved, providing them with support from the cultural centers and municipal organizers so that they might fulfill their sole desire: to show the art of the people to all the people and thereby achieve an authentic mass culture. One would not then "necessarily have to go to Vedado if one wants entertainment." It would also signify a success of Cuban culture.

These are merely a few observations, but we must appeal to the people's wisdom so that such deplorable incidents are never again repeated.

In the spirit of the revolution,

Miguel E. Rodriguez Ruiz

**Penal Code for Illegal Currency Trafficking
Detailed**

32480002b Havana TRABAJADORES in Spanish
20 Aug 88 p 9

[Interview with Prosecutor Sonia Barbara Prado by Maricela Escoto; date, time, and place not given]

[Text] Francisco was caught at a hard currency store in the municipality of Playa, posing as a foreign citizen. He was trying to make purchases there using the I.D. of a technician from another country who lives here. The I.D. card was completely forged, and Francisco was also in violation of current laws for possessing dollars. This was not the first time he had been involved in this kind of activity; in 1984 and 1986 he had been convicted and sentenced for similar offenses by the People's Provincial Court of Havana.

After the trial, when evidence was presented to prove that he was guilty of document forgery and illegal currency trafficking, Francisco was recently sentenced to 3 years in prison. He was also given a concurrent sentence of correctional labor for the period of his imprisonment. He must work in a center designated for such purpose by the appropriate agencies of the Ministry of the Interior (MININT).

[Question] We know that as a result of the decriminalization, the enforcement of Law 62 made changes in the way the courts handle many criminal offenses. What happened to the offense of illegal trafficking of national currency, foreign currency, and precious metals and stones?

[Answer] We can say that the use of fines as the primary alternative to imprisonment has been increased. The old Penal Code did not provide for this, so there is no doubt that we are now able to correctly differentiate cases and tailor the penalties to suit each one.

These are the words of Prosecutor Sonia Barbara Prado, of the Provincial Public Prosecutor's Office of Havana, who answered our questions.

[Question] How is this differentiation and tailoring of the penalties done?

[Answer] Taking into account the characteristics of the offense and the personal situation of the offender, within the broad framework of the new Penal Law, we can apply the fairest measure. No one should have any doubt that the people who are habitually involved in the illegal trafficking of national currency, foreign currency, and precious metals and stones will be imprisoned, because their conduct is very dangerous.

[Question] The sale of national and foreign currency on the black market is one of the best known aspects of this crime. Sometimes people who engage in this type of activity are called "jineteros." Can you tell us what sanction the new Penal Code provides for those who commit this offense?

[Answer] They will get 2 to 5 years in prison or a fine of 300 to 1,000 quotas, or even both.

[Question] How is foreign currency possession categorized, and what range of penalties is applied under Law 62?

[Answer] The new Penal Code covers the conduct of those who have in their possession foreign currency or items purchased with such currency in violation of the current legal provisions.

As for the range of penalties imposed on those who commit acts of this nature, it is 3 months to a year in prison or a fine of 100 to 300 quotas, or both.

[Question] What other subcategories of the crime of illegal trafficking in national and foreign currencies or precious metals and stones that have not been mentioned are covered by the current Penal Code?

[Answer] There are eight other subcategories in addition to the well-known one of purchasing merchandise with foreign currency in Cuba in commercial establishments for oneself or through another without legal authorization for the sole purpose of reselling it. The penalty is 3 months to a year in prison or a fine of 100 to 300 quotas, or both.

Among the eight subcategories, we might mention that of conducting financial transactions abroad, either by oneself or through an intermediary, without prior authorization from the appropriate state agency; possession of jewelry and precious metals and stones for illicit purposes; and exporting gold, silver, platinum or other precious metals in ingots, in the form of unmanufactured or manufactured metals or in any other form which violates the law.

The Code imposes fines and (or) incarceration for these offenses.

[Question] At the beginning, you referred to the dangerous nature of the crime being discussed. What is involved? Can the citizen contribute to its prevention?

[Answer] It affects the national economy because it causes the flight of foreign currency, and precious metals and stones. But in addition, it gives the outsider a distorted picture of our way of life; our people, of course, have very well-defined principles, and those who engage in this conduct reveal to the visitor a mentality which is not representative of the majority.

The Penal Code has improved, becoming a more useful tool for dealing with criminal offenses. But, as already mentioned, this is not enough. More than ever it is necessary to prevent the crime; this can be achieved by means of greater and more conscious vigilance and action, on everyone's part, towards those who we know to be involved in these illicit activities.

Salvadoran Youth Factor in Next Election

32480017 [Editorial Report] The San Salvador Spanish-language paper EL DIARIO DE HOY on 28 September 1988 published a report on pages 2 and 58 that Walter Rene Araujo, youth director of ARENA political affairs, stated that Salvadoran youth will have to participate actively in politics in order to help consolidate democracy. Of the 1,400,000 Salvadorans eligible to vote, 60 percent or 770,000 are under 30 years of age. Last March 1,085,000 voters participated in elections of whom 600,000 were young voters. Araujo went on to explain that the percentage will be 65 percent this year, since 150,000 Salvadorans turn 18 each year. He said youth participation must be active, responsible, and patriotic.

August Inflation Rate Down

32480018 San Salvador LA PRENSA GRAFICA in Spanish 25 Sep 88 pp 3, 12

32480018 [Summary] Minister of the Economy Jose Ricardo Perdomo reported that in August the rate of inflation dropped to 19.6 percent. It is one of the lowest rates of the year, according to official data. The minister explained that the reasons for the decrease are price controls, sanctions against hoarders and speculators, and the direct marketing plan for commodities by means of the Popular Provisions program which has been widely accepted in communities where it has been established. The minister went on to explain that the purpose of the program is to protect buying power because through this program basic consumer products are obtained at official prices. He concluded by saying that he receives daily

requests from urban and rural communities to set up the program. One such community is the IVU suburb of San Salvador where prices are too high for consumers.

Rainstorms Destroy Crops

32480019 [Editorial Report] The San Salvador Spanish-language paper LA PRENSA GRAFICA on 28 September 1988 reported on pages 3 and 31 that the minister of the economy stated that 13,000 manzanas of crops were destroyed and 42,000 were damaged by rains over the past weeks. He added that the Latin American Economic System [SELA] has unanimously agreed to send aid to countries damaged by hurricane Gilbert, including El Salvador.

Majority of Pregnant Women Lack Prenatal Care

32480020 [Editorial Report] The San Salvador Spanish-language paper EL DIARIO DE HOY on 25 September 1988 published a report on pages 3 and 11 that Drs Noe Noyola, Guillermo Mata Bennett, and Rene Varela of the Salvadoran Society of Prenatal Medicine [SALVAPER] stated that the lack of prenatal care for 75 percent of pregnant women results in malnutrition and deaths in newborns. They added that for every 1,000 babies born, 40 die before birth or in the week following birth. They went on to say that those who survive tend to be premature, underweight, or prone to psycho-motor problems. Studies show that ignorance and poverty prevent women from seeking professional care. Other factors causing newborn deaths and unhealthy babies include malnutrition in mothers, lack of medical education, teen pregnancies, stress, alcohol, tobacco, and drugs.

**MBPM Organ Charges Government in
Arms-Selling Deal**

32980002 St Georges *INDIES TIMES* in English
3 Sep 88 p 1

[Article: "NNP in Mercenary Arms Deal"]

[Text] The most disgraceful act that can be committed by a government has been carried out by the NNP government of Blaize and Stone.

Reports reaching *INDIES TIMES* reveal that the NNP recently sold a shipment of AK-47 guns to a West German arms dealer who intend to sell these arms to UNITA Rebels fighting the legal government of Angola. It is also understood that some of these arms may be sold to the Contra rebels in Nicaragua who are financed by the U.S. Government.

Although it is known that most of the AK-47 guns that were confiscated by the U.S. troops and shipped back to the U.S. following their invasion of Grenada in 1983 some of these arms are reported to be still in the possession of the NNP.

Our source revealed that a top official at the airport almost lost his job when he questioned the security unit at the airport about the shipment of arms.

At a time when the majority of nations are condemning the support given by the U.S. Government to the UNITA Rebels and the Contras, the NNP are selling arms to money hounds who do not care who they sell the arms to. It matters not to them that these arms are being used to kill innocent women and children. This act by NNP shows what a immoral government they are and how desperate they are for money because of their failed economic policy.

Financial Aid Sought Abroad; Hoyte Comments on Motives

Highlights of Proposals

32980003 Bridgetown BARBADOS ADVOCATE
in English 8 Sep 88 p 4

[Text] Georgetown, Guyana, Wednesday (CANA)—The Guyana Government is seeking financial assistance totalling US\$1.7 billion, \$550 million of which it is hoping to receive in cash to stimulate growth in the national economy, the state-owned CHRONICLE newspaper has reported.

In a page one story, the paper said that most of the money being sought is for credit relief—"debt rescheduling and write-offs."

It quoted "sources within the ministry of finance" as saying that the money will be used as a "float for investment to financial institutions including the World Bank and the International Monetary Fund (IMF).

Earlier this week Finance Minister Carl Greenidge met with and briefed journalists of the state-owned media including those of the CHRONICLE about the government's economic recovery programme, a key feature of which is likely to be a programme with the IMF.

The paper said the \$550 million in cash being sought to stimulate growth will put the central bank in a position to make disbursement to local importers and investors and this feature should "bring the operations of the parallel into the emmerated sector for management in an orderly fashion."

It said a joint Guyana-IMF-World Bank team led by Greenidge which recently visited a number of western capitals received pledges from Italy, Japan, West Germany and the United Kingdom as well as from the European Investment Bank.

It said the amounts pledged are in keeping with the amounts being sought.

Meanwhile, according to the mid-week issue of the privately owned STABROEK NEWS, Greenidge told a meeting of the Rotary Club in the bauxite mining town of Linden that Guyana is looking for a three-year moratorium on its external debt payments and is seeking to reschedule its US\$1.2 billion in existing debt with terms consistent with Guyana's ability to pay.

The STABROEK NEWS said other elements of the package being sought by Guyana and disclosed by Greenidge include:

- Capital investment for rehabilitating the bauxite industry;
- Financing of two hydro-electricity projects;

—Agriculture sector loans for combines and other equipment for the rice industry;

—Capital goods for the sawmilling and forestry sectors; and

—U.S.\$23 million for rehabilitation of the Georgetown Hospital and a similar amount for the rehabilitation of primary schools.

Hoyte Interview

32980003 Bridgetown SUNDAY SUN in English
11 Sep 88 pp 13, 38

[Text] Guyana's President, Desmond Hoyte, was recently in Washington where he met with officials of the international financial community, and CARICOM governments are probably just as eager as Guyanese to learn the outcome of his mission.

The reason?

Guyana's indebtedness to the Caribbean Development Bank and the large sums which the country owes to the CARICOM Multilateral Clearing Facility and, by extension, to such countries as Trinidad and Tobago and Barbados, help to make any agreement which Guyana concludes with the International Monetary Fund and the World Bank of considerable interest to regional governments.

But what will be the terms of an IMF-Guyana agreement? Will Guyana be forced to feel the effects of any devaluation and some steep layoffs?

In addition, how is Guyana faring as its president tries to woo American investors?

President Hoyte was last week interviewed on CNN, but he also answered those questions posed by our North American Editor Tony Best.

This is an edited version of that conversation:

Question: How are businessmen responding to your invitation to invest in Guyana?

Answer: One has to see the visit to New York in the context of a programme of visits I have been making to other significant cities. I was in Toronto, Miami, London, Brussels and so on. The responses have been extremely good, not only in terms of the interest shown by businessmen and investors but by the actual investment decisions which have been made.

Consequent upon my visit to Toronto, for example, we not only had two economic and investment missions from Canada to Guyana but out of those missions came decisions to invest.

Similarly, in May when I visited London and spoke to businessmen there a decision was made to send out a mission to Guyana. By the next month a very large trade and investment group was in Guyana.

If we look at some actual investment decisions taken, I can point to the fact that at the moment we have nine foreign mining companies which have been given concessions to explore for gold. Four of these firms are Canadian, three are American, one Australian and one Brazilian. Clearly, we are talking about firms in the big league, not fly-by-night operations.

More than that, we are negotiating all the time with people who are coming in very seriously to discuss with us or negotiate concessions.

Question: Are these developments an indication of outsider confidence in Guyana?

Answer: Let me answer it this way. The Overseas Private Investment Corporation (OPIC), the U.S. federal agency that insures American investment abroad, has extended insurance coverage to an American company now in Guyana. This is the first time they have done that in more than a decade. OPIC officials said "yes" this means they are prepared to insure American investment in Guyana. More than that, OPIC indicated it is prepared to encourage American investment in Guyana.

Question: In a speech in Harlem you said that foreign investment would not be debarred from any area of economic activity in Guyana. Is that a fundamental shift in policy?

Answer: Well, it is a change, yes. There was a time when we believed, in the early days, when we were filled with nationalistic euphoria, that one could compartmentalise the economy. One could reserve, say, natural resources, bauxite for exploitation only by Guyanese interests or the government of Guyana. But over the years we have learned that this just isn't possible.

The way in which technology keeps changing would require private investors who have access to the new technology and some of the new markets. They must be allowed to enter these fields.

Really, in the final analysis, in a country like ours, it could not make sense to exclude private investment from any sector of the economy as a general rule.

Question: How much money are you seeking in Washington and elsewhere to put Guyana back on its feet?

Answer: At this particular time when we are expecting to sign an agreement with the IMF it is important that we should be in close discussion with the fund, the World Bank and the Inter-American Development Bank so as to ensure that everybody is on the same wavelength.

One of the things I would like to emphasise to the people in charge of these institutions is the need for timely disbursements of any resources that may be coming to us.

Question: But what about the amount of money involved?

Answer: I am not going to ask the fund or the (World) Bank for any money.

We have completed with the fund a policy framework paper. That paper informs the fund about the economic strategy that we will be employing to bring about the desired economic recovery. It also attempts to quantify the measure of resources to make the fund programme workable. On the basis of need, one goes out to friends.

The total indebtedness of Guyana is (U.S.)\$1.7 billion. Of that amount, \$1.2 billion represents money owed to bilateral donors, the United Kingdom and so on. This is the kind of money which, once you have a fund programme, would be rescheduled. So, I am not looking for any (U.S.)\$1.7 billion as has been reported in some areas of the Caribbean.

The balance of the money, which is about (U.S.)\$550 million, represents monies that we will need over a three-year period to finance our capital programme. This is the programme we said to the fund, look, in the next three years we would like to do these things—put our roads, electricity system and portable water supply in order. We want to repair our ferry boats.

We also need resources for balance of payment support over the three years.

The bulk of the money will come from bilateral donors and we have been to strategic centres, Tokyo, Bonn, London, Brussels, for example, on the first phase of a mission.

Question: If you are successful in raising the money and you sign an agreement with the IMF can Caribbean countries look forward to being repaid some of the money Guyana owes them?

Answer: A fund programme can only fly, so to speak, if you repay the multilateral financial agencies, and the ones we owe are the fund itself, the World Bank and the CDB. So the programme is based on an understanding that we will get the resources to repay these agencies.

Question: What about the CMCF, Barbados, Trinidad and Tobago and so on.

Answer: Technically, we don't owe Barbados and Trinidad and Tobago; we owe the CMCF. Let us not split hairs over that.

The whole thing about the programme is that if it gets going, then we would be generating through concessional inflows and increased production a higher level of foreign exchange earnings, and this will enable us to address the various problems we have such as the repayment of debt, particularly suppliers' credit and things like that.

The idea behind the IMF programme is to put you in a position to meet your obligations. Some of those obligations you are required to meet immediately. The thing is structured to enable you to get the resources to pay. On the other hand, some of your commitments are to be met over a period of time.

Question: Are you saying that the CMCF, Barbados and Trinidad and Tobago are not at the top of the list of priority debts which must be repaid?

Answer: No, no, there is no question of priority. The CMCF was an arrangement within CARICOM. It was not a multilateral bank.

The debt arose there out of trading arrangements. The fund, in its policy about repaying multilateral financial agencies, would not deal with the CMCF as if it were a multilateral financial agency. It was an institution for trade. It is not the kind of agency that the fund would say that you have to raise money to pay off right away.

Question: What about CARICOM? Are you hopeful that trade will get back on track?

Answer: I am an unapologetic optimist as far as CARICOM is concerned. In the past two to three years, we have taken major decisions to make CARICOM work.

For instance, the free trade issue is one we have been talking about since 1973. The CARICOM Enterprise regime, the protocol on industrial programming, these were all issues debated since 1973. It has taken us all of this time to get them in place. I do believe they will be important factors in stimulating trade and investment.

Question: Is it likely that something would come up at the last minute to prevent CARICOM countries from implementing the free trade agreement by October 1.

Answer: There are always problems and I am not saying everything will proceed without difficulties. We have to persevere with them and develop our resources which is what CARICOM is all about.

Shortly before I left Guyana, the Cabinet agreed that we should sell Guyana Timbers Limited, a public sector agency which we closed down because it was not making a profit. It is to be sold to a Trinidad insurance company that is diversifying. The insurance firm is now investing in Guyana's forestry sector and is interesting in mining concessions. [as printed]

Now, that is really what CARICOM is all about: that a Trinidad businessman can invest in Guyana without any hindrance and a Guyana firm should be able to go into Barbados. People are looking for spectacular things but that is not how progress is made. It is always a very quiet way.

Question: We have seen fluctuations in exchange rates in Guyana, Jamaica and Trinidad and Tobago and these devaluations have affected trade and investment. Are we going to move to have a common currency or another mechanism to ensure exchange rate stability.

Answer: We may very well have that. But exchange rate stability or instability is a function of the strength of your economy. Once, when Trinidad was in a sound economic position when oil prices were sound, one could make some positive projections about trade because it was unlikely that Trinidad's rate would move.

Now, unfortunately, due to economic problems, Trinidad has to make use of all the appropriate tools to deal with the problem. With the fall in oil receipts, it means that the Trinidad dollar was over-valued and there had to be some adjustments.

If CARICOM economy as a whole were to improve and stabilise, there will hardly be any problem with exchange rates. But if the economy remains unstable and unpredictable, then exchange rates would also be unstable.

Question: Would there be a devaluation in Guyana under the fund programme?

Answer: May or may not be. I don't rule out anything.

Question: Fund programmes usually mean tough measures. Could you tell us about some of the things in the policy paper?

Answer: Many of the things in the policy paper are things we have already done.

We didn't have to wait on negotiations with the fund to recognise that our currency was over-valued. We did a steep devaluation last year. We didn't have to wait on the fund to recognise that if you have public sector corporations that show no prospects of making money that you should shut them down.

We also didn't wait on the fund to recognise that we really had to do something about encouraging investment to remove ourselves from the very narrow economic base from which we were operating. We were operating on sugar, bauxite and rice. That was narrow and as commodity exports they were also susceptible to the ups and down of international prices and other factors.

There is no way that we are going to put our economy on a sound footing unless we really get the forest, mining, and fishing sectors going.

In essence, what I am saying is that there is nothing in the fund programme that would force us to go to the Guyanese people and say these are new things.

Question: What about the social impact of the fund arrangement?

Answer: That is very important. When you have a fund programme, it does have an adverse impact on vulnerable groups: the poor, the unemployed and young people coming out of school. We have built in the paper a social impact effort. It is one of the things we will be seeking finance for. Already, many countries are showing an interest in it.

It would be a special programme to train young people coming out of school, to provide them with skills. We will be retraining people who are unemployed so they could take advantage of opportunities. We are also talking about a school feeding programme so that if parents are hard hit by some of the measures, the adults will know that their children will not starve.

It would also include pensioners who are on small, fixed incomes. They will be special schemes to help cushion the impact of any adjustment on those groups.

Question: Whenever one hears adjustments and the IMF one imagines sizeable layoffs of workers. Are Guyanese going to be in for some of those layoffs?

Answer: Well, I will tell you no. We have done so many things on our own that the programme should be seen as an ongoing implementation of what we ourselves have determined is best for Guyana. So you are not going to see any retrenchment.

Question: Let's turn to foreign waste and the Caribbean. Are you going to allow foreign toxic waste into Guyana?

Answer: Last year CARICOM ambassadors met in Washington (DC) and unanimously decided to recommend to their governments that no CARICOM country should become involved in receiving any kind of garbage from the U.S. or anywhere else. That recommendation was made to our government. Then, the region's foreign ministers met in Georgetown and passed a resolution to that effect. Guyana was part of that unanimous decision.

This year our ministers of health met and passed a resolution to that effect. Guyana was part of that. That remains the position of the government of Guyana and I have said this to the Guyanese people on several occasions.

I know that there has been a lot of propaganda that we have received toxic waste or are about to receive it. The answer is that Guyana has not received any waste from any country, toxic or otherwise, and we don't propose to do that.

Question: The Caribbean Court of Appeal is on the region's agenda so to speak. Do you think it will get off the ground?

Answer: Some countries are very keen on it. Trinidad and Tobago, for instance, is very keen and it may very well be that it will start involving some CARICOM countries, with the possibility of others joining later.

No, Guyana will not be among those that will start it. We have had our Court of Appeal, or final court, for many years not. It has produced some very distinguished lawyers. It is a good court and we couldn't dismantle that court overnight to join a Caribbean court.

At a theoretical level, I think a Caribbean court is important, giving our people a sense of identity, creating a Caribbean jurisprudence.

Lorenzo Meyer Critiques Television Journalism
32480001 Mexico City EXCELSIOR in Spanish
7 Sep 88 pp 1-A, 10-A

[Commentary by Lorenzo Meyer: "A Political Reporting System Is Needed To Achieve Change"]

[Text] When one is outside his own country but insists upon writing about it he would do well to use the oldest approaches (Aristotle used them with good results) such as comparative political analysis. Since the political system near at hand is that of the United States, because I am temporarily living in the United States, I shall, therefore, use the system that lies north of the Rio Grande as a contrast, without intending it to represent an ideological preference.

Having said this, let's get to the point. Two months ago, Mexico began writing a new chapter in its political history. The results of the 6 July elections have the potential to become the beginning of a fundamental, positive change in our political history; yet, such an outcome is not assured in advance, and the desired future could still elude us.

Among the essential requirements for institutionalizing the change which occurred in the last elections is that of having available a genuine political reporting system that will enable the new actors (the unorganized majority of citizens who were virtually cut off from the decision-making process before 6 July) to play their role with a knowledge of the basic facts.

Real democracy is not a system that enables the ordinary citizen to aspire to holding the high offices of political leadership; but, rather, something more modest yet important: to contribute through his vote and mobilization to a decision as to which of the various competing political elites should be the legitimate ruler for a term, based on predetermined rules. Nevertheless, in order to make this decision, that citizen needs sufficient information and an alternative interpretation of the important political facts. That information system does not yet exist in Mexico, which therefore lacks one of the fundamental bases for making a reality of the democratic future to which we presumably aspire as the ideal means for solving our two serious historic problems: poverty and injustice.

According to the results of the polls that the Gallup agency took in our country between May and June of this year, two-thirds of those interviewed claimed to have obtained all their political information from a single source: television. Newspapers were consulted by only one out of every 10 citizens, for purposes of forming their political opinions. Actually, the situation in Mexico, in this regard, is not very different, in quantitative terms, from the one prevailing in the United States or in other Western democracies; the difference is qualitative.

In countries wherein political democracy is the dominant system, television cannot present solely or preponderantly the official view of political affairs; but rather must give an equal opportunity, in time and quality, to the opposition. Furthermore, this medium does not, in fact, confine itself to presenting the views of the political actors, but also examines them with a somewhat critical eye, seeking to underscore the flaws and contradictions.

An American example of the foregoing is the type of coverage being given by U.S. television to the current presidential campaign. In the first place, neither of the candidates has been assured in advance of airtime on television; they have to gain it by discussing topics which are, or at least appear to be, significant. Secondly, this news medium is very careful not to pay more attention to one candidate than to the other. Finally, and this is perhaps most important, television invests resources and imagination in putting any claims made by the candidates to the test of being factual. For example, television responded to the assurances given by Vice President Bush (the Republican presidential candidate), to the effect that his economic program will make it possible to create 30 million new jobs over the next 8 years, with interviews of experts who challenged the spectacular assertion.

On the other hand, television responded to the alleged attention that the Democratic candidate, Governor Dukakis, would pay to environmental protection as president with words and pictures of the deterioration of Boston Harbor, the regeneration of which was the Democratic candidate's responsibility.

The investigation and discussion of the misuse of family influence by the Republican candidate for the vice presidency, Dan Quayle, to avoid being sent to Vietnam during the 1970's, as well as to enter law school, although he had grades lower than those required, were taken by television to a point that appeared excessive to the bulk of public opinion. This suggests that, in an open political system, the quantitatively more influential news medium may at times not only respond to the predominant social concerns, but also give rise to them.

In our country (and we observed this during the presidential campaign as well as in the dramatic subsequent events), the monolithic duality dominating our television, Televisa-Imevision, has confined itself basically to giving only one point of view: that of the government and its party. In July, at least half of the Mexican electorate voted for the opposition, but up until now television has persisted in excluding, if not ignoring, the views of those who have the backing of half or more of Mexican voters.

In fact, television has consciously avoided being a balanced conveyor of information; moreover, in several instances it has simply suppressed important news, to suit the interests of the government and its party. For example, this occurred during the presidential campaign, at the televised sessions of the Federal Electoral Commission, or

during the presidential report. It is a fact that, in Mexico, serious, impartial analysis of the views of the opposition parties simply does not exist on television.

And not only that, sometimes what passes for analysis, as in the case of a recent "60 Minutes" program supposedly devoted to presenting and examining the opposition candidates, would, in any other country, have prompted a suit against its author for defamation. The fact that, in the part of the country where the influence of Mexican television would presumably be the greatest (the central zone), the vote against the candidate backed by Mexican television was in the majority, should not go unnoticed. One could presume that the foregoing proves that the gap between television and the televiewer has reached the point where there is a negative correlation between backing from those directing the national news programs and the public's reaction: the greater the backing from the former, the less backing from the public, and vice versa.

The British experience during World War II, in other words, that of the BBC, proved that, in the long run, the best way of maintaining the credibility of the government and of the news media during times of crisis consists of allowing them to operate based on the rules of professional ethics and responsibility. In the long run, there is no alternative for maintaining the credibility of the media and the government.

In Mexico, there will be no true information for democracy, and it will not establish itself, until there is a reform of television, so as to put an end to the unholy alliance that has been established since the origins of television with the government and its party.

Official television has no reason to continue to be a mere tool of the government for the improper defense of partisan interests. The experience of other countries, Great

Britain, for example, has proven that it is possible for radio and television to combine their nature as a public institution with democratic objectivity and impartiality.

Imevision can and should be managed with professional criteria; and this professionalism can and should be protected, making it answerable not to the Interior Secretariat, but rather to a collective body in which the notion of the defense of the general interest over all else prevails.

Insofar as commercial television, the private type, is concerned, the U.S. solution could be an alternative, although it is not the only one possible. In the United States, the structure of its television revolves around three major national consortiums (ABC, CBS, and NBC); this does not preclude the existence of other smaller ones, as well as a multitude of local stations receiving their material from the large networks, but they are not necessarily owned by the latter. Moreover, there is a cultural public television directly financed by private business firms and by the televiewing public. Whether it be this or any other solution that is finally adopted, it is inevitable that the genuine reform of Mexican television will entail the creation of options in commercial television and of professionalization in public television.

Restructuring Mexican private television means accepting an enormous vested interest, one of the most powerful economic groups in our country. But, however impossible or difficult this undertaking may appear, it must be attempted because television must necessarily be excised from the authoritarian roots to which it is attached at present. In the past, television was served by Mexican society to a far greater extent than it served the society. Today, there are reasons and conditions for reversing this situation. The political reform of Mexican television is an unavoidable task for the near future; we hope that all those involved in it will prove equal to the occasion.

IU Positions on Election Issues Discussed

Danger of Civil War Noted

33480004 Lima EL NACIONAL in Spanish
5 Sep 88 pp 12-13

[Interview with Senator Enrique Bernales, chairman of the Pacification Committee, by Mary Dominguez; date and place not given]

[Text] "I think that any observer of the facts can see that in Peru today there are a series of signs indicating that everything representing the rule of law and the existence of certain social rules has become inadequate. Various segments of society are getting out of control, and the Peruvian Government is unable to grasp that there is a widespread desire for change, and consequently the government winds up becoming a cause of disorder.

[Question] Why, Senator?

[Answer] Because it would rather stick to what isn't working.

[Question] And what isn't working in Peru?

[Answer] The economy, the law, social institutions and services aren't working.

[Question] And what does this imply?

[Answer] This razing, which also has positive elements, also implies breakdown, chaos.

[Question] A civil war, Senator?

[Answer] Not necessarily. Perhaps invasion would be a better description of what is happening. The migrant is an invader. The people from the provinces are invaders. The poor of Peru are invaders, conquering a new country.

Full of Invaders

[Question] And where will the period of breakdown that we are in end? What will the outcome be?

[Answer] I think that there are different scenarios in answer to that question, and it all depends on how the actors position themselves. If, for example, those who embody the authority of the state do not realize how much energy these invaders of Peru have to create a new country and if they do not join in this effort to create a new state, a new society, then the state's resistance to the process of change could give us our fill of repression and bloodshed.

[Question] A civil war...

[Answer] In which case there could be a civil war. Another scenario would be if the state goes along understandingly with the widespread desire for change, for integration, for the organization of a more just Peru, and

those who wield power outside the state (major power, though, control over finances and the country's main investment resources, for example) resist not only the general desire but also the state's willingness to change; for example, if the people who control thought and culture through their ownership of the mass media boycott this change, shut down their companies and polarize society with the sort of ideological language that sharpens contradictions. In this scenario there could also be a sort of confrontation within society, one with truly unpredictable consequences.

[Question] Is there another scenario, Senator?

[Answer] Yes there is. A national accord for change. This latter scenario is the most difficult of all, but it is the only one in which the country can be saved. In the other two Peru will have to go through an extremely long period of destruction, and the process of building the new country will also carry a very high price and take a long time.

[Question] Senator, wouldn't the imposition of a de facto government be another scenario?

[Answer] No. That's part of the first and second scenarios.

[Question] And which of the three are we closer to?

[Answer] I don't want to confuse facts with wishes. I want the scenario of convergence and a national accord for change and transformation, because only here is there positive energy. When I hear businessmen say: "OK, fine, I'm willing to make less profit to invest more in the country and create more jobs," and when I see the workers commit themselves to higher productivity and when I see government straighten out the economy and streamline it in the sense of maximizing these efforts, then I will say that we have entered a historic phase in which Basadre's famous promise will begin to be fulfilled.

[Question] That is your wish. But what are the facts?

[Answer] That is my wish. I'm working to make it come true, but I think that at the moment we are far from this scenario and that instead there are too many demons getting worked up around the first and second scenario.

[Question] The scenarios of the civil war.

[Answer] This is why I speak of a breakdown that worries me. And I'm sounding the alarm, because if the current trends towards these two scenarios continue, then the time will come when the breakdown could become a conflagration.

[Question] We are going through critical times of violence in which the nation's officeholders do not fully enjoy their "parliamentary immunity."

[Answer] Well, we have to start from one definite fact. In a breakdown in which violence is one of the ingredients, no one can say that he is safe. Absolutely no one, because a person's status no longer protects him. We all wind up being engulfed in violence and become its victims. This is why I said at the beginning of this interview that there is nothing worse for the human person than a situation of violence. Of course many will be able to flee and seek a "haven of peace," but there will be very few of them. Because the entire country, legislators, priests, ministers, mothers, men, young people, the elderly, children, everyone to some degree winds up being hurt by violence. So we ought to condemn all of the things that are happening. We should take heed of how grave the situation is.

The Judiciary: Injustice

[Question] When there are injustices, one always thinks that the judiciary is the answer. But Senator, what is happening with it? No one believes in it anymore, because it too is being constantly denounced. What has happened to the majesty of the judiciary?

[Answer] Look, several years ago Javier Valle Riestra uttered a pithy phrase when he said that judges in Peru have regrettably always preferred a half-month's pay to a place in history. This comment is apropos in light of the recent denunciations. But just read Gonzalez Prada or Basadre himself, and you'll come to the conclusion that justice was never blind, that it always saw with a self-interested eye. Justice with its own name is not justice. I don't think that we can say that justice was always irreproachable in Peru and that it protected the rich and poor alike regardless of their status or condition. No. It was always justice against the defenseless. This is the truth about how justice has been administered in Peru....

[Question] So will there never be justice?

[Answer] What I'm voicing is severe criticism focusing on longstanding behavior. But never before today has there been a grassroots movement that refuses to allow itself to be humiliated. The battle lines have been drawn now in Peru.

[Question] Senator, there is not much time left before the congress of United Left (IU).

[Answer] IU will hold its congress in the first week of December. Because of the thousands of supporters who have registered, this will be the largest rank-and-file congress that any political force in the country has ever held. It will mark the beginning of an authentic democratization from the bottom up as far as the organizational structure of this front is concerned.

[Question] What work is going on right now?

[Answer] Well, the documents that the congress will have to approve and that have to do with position papers, bylaws and program are being distributed. I think that if we can guarantee that the opinions of the rank and file will be heard and that if they take a stand on these documents, we will be taking a second big step towards strengthening the front and, above all, its contribution to democracy in the country. I think that these two things I have mentioned make United Left the most powerful political force in the entire country.

[Question] And as many say, the one with the best chances in 1990, Senator?

[Answer] But let's not think just about 1990. The elections are very important, but political forces cannot wager everything on an election, especially when they have a great devotion to the people. If APRA [American Popular Revolutionary Alliance] had been that way, it would have died in 1931, because above and beyond the elections of the moment its leadership thought about strengthening a political organization.

[Question] And is this what United Left is seeking now?

[Answer] Yes, to strengthen itself as a political organization and to represent the interests of the people above and beyond given situations and electoral opportunities.

[Question] Shouldn't it think about the elections?

[Answer] I think that United Left ought to have electoral goals, but it cannot and must not exhaust itself with these goals; instead, it must always think about being an entity that represents grassroots organization.

1990 Victory Called Certain

33480004 Lima EL NACIONAL in Spanish
8 Sep 88 pp 17-19

[Interview with Alfredo Filomeno Jarrin, secretary general of the Revolutionary Socialist Party (PSR), by Lorenzo Castillo; date and place not given; first four paragraphs are EL NACIONAL introduction]

[Text] There has been an increasingly intense debate in the country's number two political force, United Left, concerning the strategy that it ought to follow in the coming months of electoral confrontation, with a view towards taking office in 1990, if the recent polls that put it in the lead with Alfonso Barrantes as its candidate are borne out.

One of the sources of the internal and public ideological confrontation is the emergence of the bloc called the Socialist Coordinator, which is made up of leftwing independents, nonpartisan socialists and the Revolutionary Socialist Party, which is so far the only member party. In this interview the party's secretary general,

Alfredo Filomeno Jarrin, expresses his certainties and his doubts about the future of IU, about Convergence, about Barrantes' reregistration and about the current political situation.

Filomeno, who has Social Christian leanings, is a politician who attaches more importance to party organization than to the personal limelight. He is also acknowledged as the IU's "foreign minister" among the leftist parties because of his great negotiating talent in seeking common ground in the leftist coalition and thus smoothing out the rough edges that hamper efforts at unity.

Today, however, he seems to have put an end to this approach, because in his remarks he makes a clean break with one of the political groups in IU, the Mariateguist Unified Party (PUM), which is led by Senator Javier Diez Canseco. Let's see.

[Question] Will Socialist Convergence be a new party inside or outside IU?

[Answer] It is an attempt to coordinate a party and independent socialists, who have to achieve higher levels of organization, in line with whatever the rank and file resolves in the future. This is the aim of the recent convocation. Furthermore, Convergence is not going to join IU, simply because it already belongs. We, as a founding party, belong to IU and sit on the Steering Committee. Moreover, the bulk of the independent socialist activists, who are the majority of the registered members, something like 80 percent, belong to IU. Now then, on an organizational level, the nonpartisan socialists are not calling for seats on the Steering Committee, and what is more, no one, absolutely no one can deny their status as activists in this great political movement.

[Question] Nonetheless, Senator Diez Canseco has declared that this movement of Socialist Convergence is divisive, that it is causing a split in IU and that under no circumstances will it join the front. What is your reply?

[Answer] The leader of the PUM is right to say that a split is under way in IU. This is true; it is a split in his party. As for Social Democratic wings inside IU, he is no doubt talking about the report that he gave as former secretary general at its recent congress, in which he speaks of Social Democratic positions in his party since 1984. So when there is talk of Social Democracy and splits in IU, it has nothing to do with Socialist Convergence or the PSR.

[Question] But Diez Canseco has referred specifically to Socialist Convergence.

[Answer] I will respond with the saying that "no one can demand order in the alley way when there is so much commotion in his own house."

[Question] In a way this implies the existence of two blocs in IU. Is this positive for the front in your opinion?

[Answer] Convergence intends to pursue an agenda that will centralize the action of Peruvian socialists. An initial idea about this agenda arose at our second PSR congress in 1982. It was theoretical, but in 1986 we saw the need to move ahead and implement it. The IU socialists have every right to do this, as did the PUM when in 1986 it called for the organizational and centralized unity of Marxist-Leninist parties. We hailed this effort at unity at the time, because it was a common, kindred bloc. The consolidation of vigorous blocs is important. What is legitimate for them is legitimate for us too.

[Question] What other goals do you have in Socialist Convergence?

[Answer] It is our intention to contribute as much as we can to the next IU congress, so that this front can stop expressing just the philosophy of the parties that make it up and start representing and expressing the interests of the broadest sectors that have signed on with IU. IU must be a consistent and democratic front, not just an electoral one, in which minority sectors may impose positions that could endanger the front.

[Question] Will Convergence thus impose its views at the IU congress?

[Answer] It is not a question of IU approving what Socialist Convergence alone proposes. The point is for unified positions of a large sector to be expressed consistently and for everyone together to work for the development of the country as Social Christians, nationalist independents and members of other parties with a historic responsibility, such as the Communist Party that Don Jorge del Prado heads.

[Question] Is Alfonso Barrantes the leader or promoter of Socialist Convergence?

[Answer] Well, Comrade Barrantes has referred sympathetically to Convergence Socialist, which we think is an important contribution, inasmuch as he represents the aspirations of tens of thousands of registered and unregistered members of IU.

[Question] In your opinion, will Barrantes attend the IU congress?

[Answer] He has declared that in his district committee there are other comrades who have done more work in IU and, therefore, ought to attend the congress.

[Question] In a word, will Barrantes attend the Congress and has he reenrolled in IU?

[Answer] I personally think that his critics are making a mistake in asserting, after going to see the registry in his district, that Comrade Alfonso Barrantes is not registered in IU. What could have happened is that he

reregistered with his characteristic discretion and, therefore, has his own number, which according to existing provisions could use the new registration code on his previous card, which is number one.

[Question] Alright, why is the PSR, which is considered a small party, seeking today to become the hub of a major bloc? Doesn't this seem presumptuous?

[Answer] Let's take it step by step. In the first place, Socialist Convergence is not the result of the organizational weakness of the PSR; rather, it is the expression of its greater organizational development. In answering a previous question, I mentioned our theoretical proposal in 1982 and the need to coordinate the concerns and efforts of independent, nonpartisan socialists. The PSR has grown over the past few years and has undergone a major organizational consolidation in various segments of the working and professional population. We have new comrades who have joined the party and are working with humility. The best illustration is that at the most recent IU demonstrations the PSR contingent was among the three largest.

[Question] What is the PSR contributing to IU right now?

[Answer] Like the other parties, we are working for its consolidation. But I would like to take advantage of this question to emphasize that we are one of the few parties that has made its financial contribution and the only party that has assigned full-time personnel to work in the organizing commission of the IU congress. This proves, once again, that we do not stand for a breakup in IU.

[Question] Why then does Socialist Convergence seek to take office in 1990? Is what your IU comrades are saying true?

[Answer] We are emphatic in pointing out that nothing should lead them to think that we are taking that path; the point, rather, is that IU should take office, of course after defining a single strategy, a single thesis, a single program that is far removed from the vanguardism or violence that some of the critics are seeking to drag us into.

A Country in Bankruptcy

[Question] Moving on to another topic, how do you assess the country's current situation?

[Answer] Well, we have a country in bankruptcy as a result of the administration's policies. It turns out that in just 3 years in office it has thrown overboard 60 years of steadfast effort to win the presidency, even though it came to power in 1985 with broad grassroots support. After the failure of the Belaunde administration it announced that it would control inflation, but the truth is that it had no plan. The results are there to see with this big new package, which is as harsh as in the days following the War of the Pacific.

[Question] What role will Socialist Convergence and IU play now?

[Answer] To mobilize the people to change this antipeople policy, an action that we are sure will have the support of all sectors: workers, professionals, the middle class, medium-sized business, peasants and even major segments of the ruling party itself. This comes first. As our second task we have to prepare ourselves so that in a year and a half we can start rebuilding the country.

[Question] Does IU have an explanation for the failure of the Aprista Party?

[Answer] It has to do with the consequences of an ambivalent stand on the country's major problems. There was talk of great changes and even of revolutions, but they immediately adopted the old ways. All of this is because of the personal control of President Alan Garcia, who has subordinated all of the organs of government to his own judgment. One tangible example is the bank affair, with its halfway measures, but right away they backtracked, with the well-known results.

[Question] What other mistake did the Aprista government make?

[Answer] The government's credibility is at rock-bottom. Neither one side nor the other takes its proposals seriously, like the understanding. How can you reach an understanding, for example, with the workers through their union organizations and the next day batter their wages to the extreme that was announced? It's impossible, of course. There is another serious problem that has the Aprista government in a bind. This is the issue of corruption. It was incapable of punishing the unethical people in the past government, and it will be less capable of punishing the officials of this regime, in spite of the wealth of charges and evidence, such as the recent assertions of the Office of the Comptroller General of the Republic. Worse still are the cases of drug traffickers who are found innocent in court. All of the invitations to the opposition to help out with these sanctions are worthless unless they begin at home.

[Question] And what do you think about the struggle against subversion?

[Answer] There are no substantial differences between the antisubversive policy of the Aprista government and the one that the Belaunde administration pursued. They keep on trying to ignore the political role in antisubversive repression by removing the social factors. United Left has said that without grassroots involvement and the application of a plan of social changes, terrorism cannot be controlled and peace restored in the areas of violence.

[Question] Organized sectors of Fredemo are challenging the left to launch an immediate election campaign. How do you assess the actions of this movement?

[Answer] It seems to us that the person who is campaigning for the presidency is Belaunde, who is a cheerleader of Fredemo today, not his spokesman, Vargas Llosa. Like a sly old fox in domestic politics, he is betting that the novelist wears himself out with his attack on APRA so that he can later portray himself as a savior, inasmuch as Bedoya Reyes is out of the game.

[Question] This means that they feel they have a chance to take office. Isn't this a praiseworthy aspiration?

[Answer] Rest assured that we will be the government in 1990, for which purpose we are preparing ourselves on all fronts. We have technical teams in every discipline and we are certain that we will indeed rebuild the country.

IU Platform Discussed

33480004 Lima *EL NACIONAL (CARA Y SELLO supplement)* in Spanish 18 Sep 88 p 4

[Text] What Is the left up to?

United Left has essayed a new style or strategy for democratizing internal information in submitting the fruit of 4 years of work for the consideration of its 130,000 affiliates and the public at large through the national commission for the IU government plan, which is chaired by economist Javier Iguiniz.

The document, which will serve as the basis for analysis and discussion at the First National Congress that IU will hold this December, was drafted by a team of scholars, technicians and specialists and contains two sections. The first has to do with political positions, while the second addresses the main lines of the group's program.

The chairman of the national commission for the IU government plan did not deny that there are disagreements about the document that is being published. Nonetheless, a consensus was achieved on essential issues, and disagreements will have to be reconciled at the congress.

Mass Front: Overall Objective

Building on its worker, peasant and grassroots base and standing firm as a revolutionary front of the masses, IU has as its overall objective during the current period to fulfill the demands of the democratizing process that arises from the people by becoming the force that comprises the national bloc.

This means, IU contends, winning over the masses to its strategy of confronting the national crisis by relying democratically on grassroots organization, not on imperialism and the monopolies.

Thus established as an alternative for government and grassroots power, IU will be able to provide a democratic and national solution to the crisis with continuity over time and assure peace with social justice. This IU strategy, the document says, demands preparation and stronger forces to defeat APRA and the attempts of AP [Popular Action], PPC [Popular Christian Party] and Fredemo to become the bourgeoisie's new government alternative, and to build a solid wall against the rash attempts at a coup by rightist sectors and the terrorist provocations of Shining Path.

Four Goals

In the face of these realities IU proposes four specific objectives. The first has to do with the need to strengthen the relationship between the political front, its activists and the grassroots organizations, while consolidating the latter as factors of power and coordinating the struggle for grievances and the political proposal around the program and leadership of IU, both from its national bodies and its rank and file committees. The second specific objective is to strengthen relations with the organized people in the broadest democratic and national movement, thus containing, isolating and reversing the dirty war.

Security Proposals

In this regard IU proposes that the antisubversive strategy based on militarization should be countered by a security proposal based on the involvement of the freely organized population and on the linking of defense with national and social development. IU's third tactical objective is to clearly put forth its national, democratic agenda and government platform by fighting for the active involvement of the people, professionals, technicians and artists.

Run In and Win the Elections

The fourth and final tactical objective of IU is to run with "strength and determination" in the 1990 elections, to win and to take office, whereupon it will pursue the democratic and anti-imperialist platform of its political group. It feels that to achieve this goal completely it must act with initiative and without vacillation.

Regional Governments

It also calls for a struggle to install regional governments, which should be organized so that it can win election to them and to local governments and run them both harmoniously by correcting the errors that experience has indicated.

Hub of the People's Government

The document on IU's new strategies and tactical objectives states that the revolutionary front of the masses is necessary today to democratize the very practice of politics, because when transformed into a front, IU would become, starting with the rank-and-file committees in each district in the countryside and the city, the new hub of the people's government with national, revolutionary and socialist prospects.

Clear-Cut Distinction

In the area of programs, IU draws a clear-cut distinction between itself and the current administration. It reiterates that their philosophical differences are truly profound and touch almost every field, citing Jose Carlos Mariategui in this regard. It lists the political, theoretical and policy differences between it and APRA, noting that there have been many of them over the past 60 years and that new approaches have served to intensify them in recent years.

Democratizing the Country

In its general guidelines IU emphasizes the need to democratize the country in order to do away with all usurpation of the sovereign will of the people and with all discrimination. It also proposes the nationalization of the country so as to determine the course of Peru's development in a sovereign manner and thus restructure the economy by creating new jobs.

As for economic policy, IU proposes the democratization of property and economic management so as to safeguard the interests of the nation and the people. It also proposes a pluralist business model in which the state will direct national activity through democratic planning and the obligatory participation of the workers.

Promoting Small Business

IU also proposes promoting the development of medium and small private businesses, both individual and collective, as an indispensable part of democratizing the economy and fully mobilizing human capabilities and natural resources; the promotion would be in the form of loans, technical and administrative support and guaranteed markets for small-scale producers both in the countryside and the city. Self-managed enterprises, cooperatives and small business will have priority access to loans.

In the labor arena IU contends that wage earners, blue-collar, white-collar and professional workers alike, must take up, from the labor community, the responsibility of monitoring the operation of big business, both public and private, to make sure that surpluses remain in the country and are invested productively, thus ensuring job stability, technological innovation and reduced prices for items of mass consumption.

Barrantes Campaign Counters Rightist Leftist Opposition

33480007a Lima EQUIS X in Spanish
19 Sep 88 pp 17-19

[Text] After one of his lengthy silences, Alfonso Barrantes has returned to the fray; he has done so with his perennial tactical skill, making his presence felt on the national scene, but without making concessions to those whom he considers to be in his private domain (and perhaps somewhat overtly) an obstacle to any strategic progress of the left in general, both Marxist and non-Marxist. His TV appearance on Cesar Hildebrandt's program "In Person" the Sunday before last, his refusal to attend the meeting that IU [United Left] called for Tuesday, 13 September, despite the special request made of him to attend, and his strong gain in the polls of citizen voting intentions for the 1990 presidential elections have put him on the crest of the wave; this has occurred despite the attacks he has been suffering from the right of the political spectrum, and also from that hybrid composed of militarist congressmen preparing the "great guerrilla movement" from their seats on Plaza Bolivar; these do not dare to give up the tens of millions of soles they earn for their "daily expenses," so as to set out, here and now, for the "armed struggle" along with "President Gonzalo," allegedly because "the conditions have not been created."

Alfonso Barrantes has made himself the leader in Lima, with its 6 million inhabitants and an electorate exceeding a third of the country's voters; here, more than in any other part of the national territory, there is a fluctuating electorate seeking, above all else, a messiah to save it from the scourge of inflation. According to the most recent polls, nearly 40 percent lean toward "Frejolito," slightly over 20 percent are signing up for Mario Vargas Llosa, and a mobile group of between 20 and 30 percent is with the APRA [American Popular Revolutionary Alliance] candidate, as yet undetermined. The rest still remain undecided.

However, in the outlying areas, where convictions are stronger and historically based (with the sole exception of Arequipa which, as Peru's second largest city, shows features similar to and perhaps more pronounced than those of Lima), APRA has gained considerably, because only a few leftist parties and Popular Action have an organization capable of competing with that of the Aprista Party.

Moreover, United Left has managed to enlist and issue membership cards to over 150,000 citizens, this has happened despite the fact that the effort in this direction, encouraged by Alfonso Barrantes, has not achieved major progress because the leaders of the largest parties comprising IU (PCP [Peruvian Communist Party]-Muscovite), the pro-Chinese Red Fatherland (mobilizing UNIR [Union of the Revolutionary Left]), and the supposedly Mariateguist PUM [Mariateguist Unified Party] are not interested in issuing membership cards to

those who have not become partisans, and who are fundamentally Barrantists; this is so despite the fact that, with that issuance of membership cards, their militants manage to have a double vote, as militants in their respective political camp, and as members of the group or front known as United Left.

Against the Wall

This increasing force of "Frejolito" has put the minor leaders of the parties cited against the wall. And this explains the invitation that they (in spite of him) sent to Barrantes to attend and speak at the rally on Tuesday, 13 September. Of course they intended to make him pay dearly for this humiliation, by having the leftist group's natural leader hissed and insulted by radicalized members of each of their parties. But the latter would by no means compensate for their virtual surrender to Alfonso, after the latter's aggressive appearance on TV.

The results were what might have been predicted. Without Barrantes, the attendance was meager, virtually not exceeding the limits of the membership of the "three greats" (about 10,000 persons, at best); in other words, it was a miniscule number compared with the 700,000 or 800,000 votes that Barrantes could win in metropolitan Lima, not to mention those from the voters of Callao and the provinces adjoining the capital.

In short, the parties now in IU could not gather more than 1 percent of the presumed leftist voters, discounting all those attending who were not voters or who went merely out of "curiosity," or as "observers," belonging to other political camps. In fact, it was a victory for "Frejolito."

In this way, it was proven for the umpteenth time that PCP (Muscovite) is nothing but an agency of the Soviet bureaucracy which, through convoluted top echelons, controls part of the organized labor sector; that PUM is still a small, very active clique, with funds, thanks to the Dutch and West German foundations that enjoy financing what is exotic and "revolutionary" in Third World countries, God knows for what purpose, and also a divided clique, because of the different degrees of verbal radicalism among its members; and that UNIR, controlled by the pro-China members of Red Fatherland, has had a waning influence since Deng Xiaoping took over the leadership in China and the Chinese PC [Communist Party], and decided to refrain from aiding their agencies abroad, as it had apparently been doing previously, according to a statement made by Abimael Guzman in his famous "Interview of the Century," published in EL DIARIO.

The conclusion from last Tuesday's rally can be none other than that drawn by the most discerning analysts of our political scene: Without Alfonso Barrantes, IU is nothing. We shall see whether the Diez Cansecos, Hurtados, and Del Prados understand this or not. In any

event, if they do not understand it, obfuscated by the pressure from Sendero, all the worse for them; this is simply because "Frejolito" will continue his rise, with or without them.

The Right Charges a Coup

The right is unquestionably alarmed by this gain on Alfonso's part, with his skillful tactic of looking out for his own interests, although he may have to give up all the supposedly revolutionary awesomeness. Supporting evidence: A systematic campaign has begun in the media controlled by that fringe of the political spectrum, charging that if IU were in power it would carry out a catastrophic economic policy; the reason is that (given its indifferent position toward fiscal austerity and inflation as negative factors) it would cause hyperinflation exceeding that which required implementation of the current shock policy to surmount it.

And, on the other hand, there is the unusual, undemocratic attitude of Channel 4, America Television, which has decided not to give any more free air time to the ex-mayor of Lima through the program "In Person," as it had been doing sporadically. It gives the excuse that "Frejolito" has not agreed to participate in debates or to answer questions from a panel of reporters. This also leaves Cesar Hildebrandt in a bad light, appearing to be completely subject to the decisions of the channel owners, despite his claims of autonomy regarding the content of its programming. As of the closing of this article, no reaction had been heard from the aforementioned colleague, although it was expected at any moment.

Finally, those in the left who (willingly or not) act objectively as tools of that anti-Barrantes rightist plan have redoubled their attacks against "Frejolito," as was done by Senator Carlos Malpica, on the TV program directed by the conservative journalist, Alfonso Baella Tuesta.

Nevertheless, despite this pincer operation between the right and the "ultra" elements of the left against Barrantes, the latter remains steadfast and is progressing, because (as Manuel Seoane once said) "it is difficult to enter the heart of the people, but once this is achieved, it is even more difficult to remove one from there."

Fisheries Minister Predicts World Record Production by 1990

33480005b Lima EL COMERCIO in Spanish
4 Sep 88 p A4

[Interview with Fisheries Minister Romulo Leon Alegria on 3 September in his office; first three paragraphs are EL COMERCIO introduction]

[Text] From 1988 to 1990 Peruvian fishing will exceed the volumes and yields reached during the 5-year period from 1963 to 1968. That year (1963) the Peruvian

fishing industry was number one in the world, as an unprecedented boom was recorded. The record at the close of the present decade is guaranteed by the exceptional biomass conditions.

According to IMARPE [Sea Institute of Peru], within the 200 miles of Peruvians waters there is currently a biomass of more than 15 million tons of ocean species: saurel, mackerel, sardines and anchovies. The Fisheries Ministry has completed plans for an optimum and rational exploitation of the resource.

Fisheries Minister Romulo Leon Alegria made the following remarks to EL COMERCIO yesterday in his office:

Preparing the Plan

[Question] The plan to defeat inflation will be set in motion on Monday. Are you working on this project?

[Answer] It's ready! We have to exploit our ocean resources rationally; we must increase productivity, market better and obtain optimum yields in every sense.

[Question] Isn't there a possibility of error in your estimates about the biomass?

[Answer] No. IMARPE is a technical institution. The "Humboldt" studies are completely authoritative. So much so that we are even asked for assistance from overseas. "Humboldt" will be doing ongoing work for Colombia.

The Reasons for Optimism

[Question] We thought we would find a worried minister and we find you highly optimistic.

[Answer] The cold, which Peruvians on the coast complain about, ought to make us very happy. It means a temperature two degrees lower in the habitat of the biomass. This temperature is ideal for the reproduction of the species. But not only the ocean is involved; the climate is good on the market too. Right now fish meal is going for an excellent price because there has been a drop in the soybean market. China's entrance on the world market as a purchaser of fish meal is also boosting the price.

[Question] Do you still estimate that export earnings will be \$500 million in 1988?

[Answer] I still have that figure as a goal and I am hoping that it will be even higher because of a greater value added.

[Question] Is it true that we are returning to fish meal production?

[Answer] And to canned output, too. We are going to export with the highest value added. Since 1963 the ratio has been 7 tons of raw material to 1 ton of meal. The ratio will be four to one. Our productivity has improved.

The Situation in PESCAPERU

[Answer continued] In 1985 two PESCAPERU [State Fish Meal and Fish Oil Production Agency] production plants were in operation: one in Ilo and the other in Pisco. Today there are 15 on line. The efforts of the workers and technicians are praiseworthy. Travel down the coast and you'll see that work has recommenced on a large scale.

[Question] But factories are still shut down.

[Answer] There are 21 in that condition. Four could be started up again, according to technical reports, but some of the remaining 17 ought to be sold off. Many of them are just land and scrap metal. The land could be used to build housing units for the workers.

[Question] Does it cost much to overhaul these factories?

[Answer] Around \$2 million. But starting up the plant is not all; you have to have a fleet. In general about \$8 million per plant is required.

[Question] What is an example of these inoperative factories?

[Answer] The Atico plant in Arequipa, which was closed 6 years ago even though it was the only major economic activity in the region.

A Fleet for a Fishing Power

[Question] Will Peru again be a fishing power?

[Answer] Yes, the conditions are present.

[Question] But there is no fleet. The one we had was sold, and the other is in poor shape.

[Answer] The government has issued the appropriate measures to boost production and productivity, to generate more foreign exchange and new jobs.

[Question] How?

[Answer] It has issued a supreme decree exempting imports of machinery, equipment and spare parts for use exclusively in the fish processing industry from tariff duties, from the surtax on imports and from the tax on the promotion of nontraditional exports.

[Question] What does this mean in practice?

[Answer] That in order to upgrade technologically the fishing enterprises that have plants that process seafood for direct human consumption, they need to have glue-water concentrators, solids separators and centrifuges to recover oils and solids. They will thus be able to increase rates of output and boost fish meal production by about 20 percent with the same amount of raw material. Moreover, this equipment, all imported tax free, will prevent pollution problems in bays and ports.

Sizable Investment

[Question] How much will this cost in dollars?

[Answer] The facilities with glue-water concentrators, centrifugal separators of solids and complementary equipment require an investment of \$36 million. They will be paid for partly with the 10 percent of the value of available exports for the fishing sector. This will be recovered with one year's increase in production.

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Bishops' Statement on Political, Economic Issues Discussed

33480005a Lima EL COMERCIO in Spanish
1 Sep 88 p A2

[EL COMERCIO Editorial: "Crisis and the Church"]

[Text] Under extremely delicate circumstances being experienced by the country owing to the impact of the economic crisis and the worsening terrorist violence, the Permanent Council of the Episcopate has made public the "Pronouncement of the Bishops of Peru," in which it calls on the branches of government to put rhetoric aside and govern ethically and unselfishly for the good of the people.

To avoid any indiscretion with regard to temporal politics (an area that the church must by its very nature remain outside), the document in question starts from the following principle: "It is not our role as pastors to enter into aspects of governmental decisions, but we do have one thing in common with those in charge of running the state: We are obliged to look out for the common good in its broadest dimension."

From the standpoint of the hierarchy of the Peruvian Catholic Church, this dimension encompasses vital aspects such as the following: the responsibility of government officials; the dangers of demagoguery and immorality; the need to mete out justice; the threat of authoritarianism, and the urgent need to end hunger and unemployment.

Regarding government officials it says, among other things: "...the three branches of government must discharge their respective obligations in earnest...bearing in mind solely their commitment to God and to country, which they made in a solemn oath when they accepted

their responsibilities." This should be understood as an appeal to reject selfishness of every kind and the placing of secondary interests above government functions proper.

As for demagoguery, the prelates state clearly: "Rhetoric and harangues against the immorality that afflicts the country do not address its real causes and will only intensify our people's despair. It is the obligation of all Peruvians to curb immorality in personal conduct." They are thus placing special emphasis on one of the most pernicious blights besetting the country, above all in recent years when administrative corruption has reached truly intolerable levels.

The church hierarchy is categorical about the need to mete out justice and offers guidelines for evaluating the recent scandalous releases of drug traffickers and acquittals of terrorists. The document says: "Standards of proper conduct cannot be demanded if those who are called upon to judge whether they are being observed allow crime that has been loudly denounced to go unpunished."

The episcopate issues a categorical admonition about authoritarianism: "Authority without authoritarianism is indispensable for every democracy."

And regarding the material crisis the bishops offer this brief but forceful diagnosis: "Today there are people in Peru who are going hungry for lack of money and for lack of jobs to earn it." Consequently, they call for a campaign in which, with true feeling, hunger will be abolished by means of community soup kitchens.

After these quotes, further commentary on the church's pronouncement is actually superfluous, except to add that it is thus reaffirming its commitment to man and to his both material and spiritual fulfillment.

Editorials, Commentary Discuss Salinas Economic Plan

Administration Must Admit Errors

33480005c Lima EL COMERCIO in Spanish
12 Sept 88 p A2

[Commentary by Enrique Chirinos Soto: "The Economic Program"]

[Text] The first objection that can be voiced to the televised address by Economy and Finance Minister Abel Salinas is that the Executive Branch did not explicitly admit its mistakes.

Not only is the administration not sorry, but it is pleased with what it has done, in particular with the economic growth that it got during its first 2 years through the artificial recourse of printing money, which officialdom modestly calls "stimulating demand."

If the administration is not in a mood to acknowledge mistakes and confess them publicly, with grief in its heart, then it will not be easy for it to find successes either. It portrays inflation, the monster that devours everything and that demands cruel programs like the one that the economy minister has just offered the country, as a phenomenon of nature, the product of spontaneous generation, with which the government has nothing whatsoever to do.

The only mistake that the administration admits, obliquely and very reluctantly, is that it did not encourage our exports soon enough. When exports decline, income in foreign currency drops. When the latter drops and imports rise concurrently (especially imports of subsidized foodstuffs), the reserves of the Central Bank shrink and wind up vanishing. Without reserves or loans or the possibility of obtaining loans, we are country adrift in foreign trade.

How simple the crisis would be if it resulted just from exports not having been promoted soon enough! It would then suffice to promote them (just another turn in the devaluation ratchet) so that we could again live in the best of worlds, this being a prospect that to some extent inspires the economy minister, as we could see from his message. But to the drop in exports and the loss of reserves we must add the woes of the deficit, the ceaseless printing of money, the consequent rise in prices, the controls that control nothing, the shortages, the black market, the contraband and the street disorders. All of this is the all too well-known consequence of inflation. All of this has happened in the countries that have suffered it, like Bolivia of late, like Germany after the Second World War and in the early 1920's and like France during the revolution. All of this is in the textbooks. All of this is well known and is examined by the authors who have addressed the issue.

The administration must finally admit that inflation exists, by this time with obvious hyperinflationary characteristics (although the official acknowledgement has not gone this far). The administration right away announces its determination to battle inflation "regardless of the cost," because inflation is especially harmful to the poor, whose only money comes in exchange for their labor. This means that over the past 3 years the administration has designed and implemented a policy that has harmed the poor, in whose very name it claims to govern.

The administration is guilty of a major contradiction by claiming that it is encouraging exports and, at the same time, hitting them with a blind four percent tax. It is guilty of another major contradiction when it announces austerity measures (to reduce the number of Peruvian officials overseas, for example) and, at the same time, does not say a word about the billions that public enterprises are losing. It is guilty of a last contradiction when it proclaims that it is indispensable to close the

deficit gap and the exchange rate gap and, at the same time, fails to close them altogether. In this way, in spite of the recently adopted measures, the real underlying cause of inflation subsists.

Faithful to its interventionist philosophy, the administration then offers, after the festival of price rises, a 120-day freeze during which time neither prices nor wages and salaries will rise. The Peruvian Government's plan thus looks like the Austral Plan of Argentine President Raul Alfonsin, which has failed several times, and the Cruzado Plan of President Jose Sarney in Brazil, which has not worked either. A freeze of the economy is either unnecessary (if the printing of money really stops) or else, if the printing does not stop (which is most likely) is highly dangerous because it paves the way for successive, new and bigger flare-ups [of inflation]. We Peruvians have learned our lesson. Last December's package worsened the crisis. The package in mid-March of this year was of no use either. Nor were the first measures of the Villanueva cabinet. What will happen with the anti-inflation program of September 1988?

In any event, we have to give the administration the benefit of the doubt. Personally, I would rather be wrong and see the administration's program contain inflation at its source, which is the debasement of our money. In politics results, not intentions, are what count. The "determination" to achieve something does not matter, but rather the reality of achieving it. Analogously, facts and figures matter in economics. If over the coming weeks the figures indicate at least a trend towards less printing of money, price stability, a rise in our exports and a recovery in the foreign exchange reserves of the Central Bank, in this unlikely scenario it would mean that the economy and finance minister is right when in fact he seems not to be.

Bank Nationalization Scored
33480005c Lima EL COMERCIO in Spanish
13 Sep 88 p A2

[EL COMERCIO Editorial: "Banking, Confidence and the Economic Program"]

[Text] The analysis that is being done of the administration's new economic program leads, among other things, to several key conclusions, one of which is that the red ink caused by the regime's errors will have to be paid for mainly by the private business sector.

This is obvious. In practice almost all of the measures announced by the economy minister are designed to boost production, above all for export, to increase tax revenues, to freeze industrial costs and, in a word, to alleviate the present crisis so that the economy can then proceed to recover, with the resulting expansion of job opportunities.

In contrast, the government, or more precisely the administration, is again limiting itself to managing the debacle. Indeed, in its own case it plans only to cut spending, decrease the budget deficit and enact a series of economic and financial regulations. Thus, its role, while important, is less significant in the implementation proper of the traumatic program, since even the potential transfer of public enterprises (a matter that has astonishingly not been addressed until now in spite of its urgency) will depend on whether private investors can take over these excesses of the military dictatorship.

Under these conditions, it is indispensable for the administration to change its attitude towards the private agents of the national economy.

From 1985 to date, even while realizing at all times that the private sector is fundamental to the production of goods and services, to revenues and to the creation of jobs, the government has opted for open confrontation, which has not eased even with the weak promises of an understanding.

It escapes no one that in espousing collectivist ideas that are demonstrably unworkable in a country like Peru, this administration has placed a thousand and one obstacles at various levels in the way of businessmen: from hard-to-obtain operating licenses to restricted allotments of foreign exchange and including such truly ignominious things as the accusations of extortion by government agents.

Legislation has also been designed to hurt businessmen, as shown, among other things, by the consolidation of an almost immediate and misunderstood job stability and the obligation to pay taxes in advance and in "indexed" amounts that become confiscatory.

Moreover, as if all of the above were not enough, in July 1987 the absurd idea of nationalizing the banks, finance companies and private insurance companies was put forth in a law that was officially passed, as the constitution provides, but that is fundamentally at variance with the constitution because it violates the principle of the social market economy and infringes drastically on property rights.

More than once, as the public knows, the government has gone to the extreme of violating court orders in this endeavor, which, to be more exact, is socialistic. For this very reason even today the noisy case of the Banco Wiese is still around, as it remains subject, at least in part, to an auditing committee.

As we have said, however, all of this must change if the regime wants the "shock" treatment that it is applying to work. Those who are running the administration must realize, once and for all, that businessmen are not the country's enemy but, on the contrary, serve the country as a sort of economic and financial lifesaver.

Consequently, so that harmonious work can be done, so that there is more productive investment and, in short, so

that the impact of the crisis is less painful, confidence must be restored and guarantees given to private business.

And the best proof that there is a desire for change would be to annul the move to nationalize the banks, because, furthermore, there would not even be enough money to buy the affected institutions at their appraised value, unless the government starts printing money without backing again.

A step of this magnitude would bring additional benefits. For example, the overall financial system would direct its lending to efficient producers, inasmuch as more than 60 percent of loans are being absorbed by the public sector for the sole purpose of covering the budget deficit. In this regard, credit has to be truly "democratized" and not continue to be squandered by the government bureaucracy.

In addition, with a modern, efficient banking and finance system in private hands and with appropriate monitoring, creditworthy production chains and international lines of credit can be restored.

Now that a decision has finally been made to "straighten out" the national economy by assigning the private sector a leading role, the least that can be asked of the administration, so that its philosophy is consistent with its practice, is to remove the sword of Damocles that is hanging over companies, prompting a lack of confidence and even uncertainty.

Ties With International Lenders Stressed

33480005c Lima EL COMERCIO in Spanish
16 Sep 88 p A2

[EL COMERCIO Editorial: "The Overseas Front and the Economic Program"]

[Text] As we have recalled in this same column, everything is closely interrelated in economics and finance. The domestic front is not autonomous. In other words, the domestic management of prices, wages, taxes, investment and other issues must tie in closely with what is done on the overseas front, that is to say, with the steps that are taken in dealing with vital issues such as the foreign debt and relations with international lenders.

More precisely, now that the program of adjustments is starting up in a bid to halt inflation and promote exports, it is indispensable to deal concurrently with the international development banks, foreign governments and other institutions that furnish capital for development and even for the stabilization of our currency.

In this regard, the following bears recalling, to illustrate the ties between the two fields:

At its outset the Aprista regime announced its policy of earmarking no more than 10 percent of export earnings

for the servicing of the foreign debt. The justification was that overstepping this limit would jeopardize national development, because investments could not be made in infrastructure projects and other government social works.

There was certainly a logic to limiting overseas payments. But the administration went too far in setting a ceiling, because by acting inflexibly on that level the country soon saw itself without new lines of credit, at least in a sufficient amount to sustain the almost nine-point growth in the GDP in 1986.

So it had to resort to international reserves, which very soon dropped to negative levels, with the resulting social cost (via inflation) that this entails and also with the industrial recession from which it is extremely difficult to emerge today.

The explanation of the above is, among other things, that for lack of fresh money from overseas the so-called "heterodoxy" of the Economy and Finance Ministry made a series of blunders that harmed the country. As a consequence businessmen were forced into an informal parallel market with funds of dubious origin; import permits were restricted, and Peruvian exports were drastically discouraged.

It is useful to recall certain figures to better understand what happened. From the end of the previous government's mandate to date Peru's external debt has grown by more than \$1 billion, rising from \$14 billion to some \$15.3 billion, according to data as of June.

Meanwhile, about \$5.77 billion in arrears, accrued interest above all, has accumulated. And although the "10 percent" policy was never a hard fact (because according to CEPEI [Peruvian Center for International Studies], "in practice, public-debt servicing as a percentage of exports was 15.8 in 1986 and 12.3 in 1987, without considering the short-term debt or the debt of the Central Bank), loans to Peru have shrunk radically.

Since 1985, for example, the credit flows from the International Monetary Fund have been negative. The net amounts received from international banks, international organizations and suppliers have also plummeted. Only the net flow from AID-type development agencies and from certain Western governments has increased.

Moreover, the system of compensated trade, or "two plus one," that has been in effect since 1987 for the repayment of the foreign debt has made almost no progress. We would say, rather, that it is at a standstill, because our exportable supply is extremely limited and does not even satisfy the creditors in the socialist bloc.

As a result, objectively speaking, not only has the crisis worsened on the overseas front, but our country's image is being tarnished within the world financial community. Once again according to figures contained in the latest

CEPEI Economic Report, Peru has 3.7 percent of Latin America's total disbursed debt; yet the debt is equivalent to 75 percent of the GDP, an inordinately high ratio.

In addition, in February 1988 our debt was selling on the secondary market for the lowest price in the region, zero cents on the dollar. This means that the risk of investing in Peru has increased for foreign investors, and the economic prospects are unfavorable. The worst part of it is that not long ago, in July 1985, when this regime took office, our debt was selling for about 48 cents on the dollar.

Another interesting indicator in the CEPEI document is that our credit rating is 14 points out of 100. Thus, on the international scale we are above only Cuba, Nicaragua and Honduras.

Furthermore, Peru is a small country in terms of its overall presence in the world economy. And at present the importance of our production and trade together is at its lowest level in the past 20 years.

In view of these regrettable indicators, it is imperative to react and put an end to the impossible escapade of "Peruvian autarky." If the government really wants to stem inflation and boost exports, it cannot keep the country divorced from the world financial community.

Basically, accords must be reached with the Club of Paris (the representative of the creditor governments), with the World Bank, with the Inter-American Development Bank and with the Andean Reserve Fund (FAR).

But to this end two things are necessary. One is a candid dialogue in which the current program is shown to be what it really is, euphemisms aside, a program of adjustments that is even harsher than some of the ones that the IMF suggested in the past. The other is the presentation of a portfolio of well-designed, sustained projects that will be appealing to international investors.

As for the IMF, the important thing is to regard it as an agency that regulates the world monetary system and to realize that aggressive rhetoric leads nowhere, because right then the outlook can begin to change, as economic problems are becoming increasingly linked to international political responsibility, and because even officially socialist nations negotiate without fear. In short, the essential thing here is to see to it that our national sovereignty is respected, but without mistaking it for the bellicose rhetoric that leads to nothing positive.

As for the subregion, it is true that the FAR can help stabilize our finances. In contrast, however, the Andean Pact itself can not, because in spite of its latest modifying protocol it remains bogged down with its bureaucratic problems.

At the Latin American level, meanwhile, special emphasis ought to be placed on fulfilling obligations with ALADI [Latin American Integration Association]. We have

already twice fallen into arrears. A third time could close off extremely important sources of immediate supplies.

Furthermore, now that various representatives of both the ruling party and the opposition agree that negotiations

need to be reopened with international banks and financing urgently sought for exports, it would behoove the administration to take with it a consistent position to the next Annual Assembly of the World Bank, which will be held in West Berlin at the end of this month.

**Andres Perez on Oil, Petrochemical Industries,
Foreign Capital**

33480003a Caracas *EL DIARIO DE CARACAS* in
Spanish 11 Sep 88 p 7

[First paragraph is *EL DIARIO DE CARACAS* introduction]

[Excerpts] Unlike Arturo Hernandez Grisandi, the Democratic Action [AD] candidate thinks that there will be a substantial improvement in world prices, and gives assurance of OPEC's unity, as in previous years.

The Democratic Action presidential candidate, Carlos Andres Perez, was also present at the forum entitled "Venezuela and Oil in the 21st Century" which was held on the occasion of the 10th anniversary of the Venezuelan Petroleum Chamber.

At that event, the AD leader expressed optimism regarding the new international crude price increases, although he warned against having unrealistic expectations and called for acting wisely in such a delicate area.

He then discussed the foreign debt, claiming that the situation which has developed could not continue, especially at a time when the United States has found its capacity for exporting to the Latin American countries reduced.

He stated: "Due to all these circumstances, better times are coming."

In his remarks, Perez referred to Venezuela's large natural gas reserves, and the possibility of exporting that resource, which could supplement the income from hydrocarbon sales.

He pointed out that he has emphasized better use of the petrochemical industry, and has criticized Venezuelan Petroleum, Inc, for not having implemented development programs to provide an incentive, in keeping with its importance.

He remarked: "It is essential that, to the largest extent possible, we make national capital available for use in the petrochemical industry, and it is also essential that we attract foreign capital to expand our export capacity. This applies not only to gas and petrochemicals, but to oil as well."

In conclusion, Carlos Andres Perez declared at the forum that the oil industry has an essential obligation in the country, namely, to achieve a transformation, insofar as possible, so as to give to its product the greatest possible additional value.

He observed: "If the problem of economic resources is a limitation, let us attract national or foreign capital. Such action should not evoke any fear, much less when the law calls for the possibility of creating mixed companies."

Finally, with regard to marketing, Perez said that agreements could be made with companies that would guarantee this marketing making certain that the value added remains in our country.

He stated in conclusion: "I have always thought of the presence of multinational or foreign capital as complementing national capital, and never as competing with the investment capacity of national capital. Venezuelan industry must always have a capacity to be competitive."

CVG President Outlines Gold Mining Program

33480003c Caracas *EL NACIONAL* in Spanish
15 Sep 88 p D/7

[Text] Venezuela is about to initiate large-scale gold mining, and contracts are already being negotiated for the exploration and development of the areas in Guayana assigned to CVG [Venezuelan Corporation of Guayana], according to Minister Leopoldo Sucre Figarella.

Yesterday, the state minister and president of CVG officially opened the First International Symposium on Gold in Venezuela, attended by delegates from public and private institutions, both native and foreign.

"Small and medium-sized mining companies are being attracted, and contracts are also being negotiated with large ones interested in participating."

Sucre Figarella added that gold resources are among the most important in Venezuela today, destined to play a role in the future similar to that of oil in the past.

"Tax incentives will be given, and the legal regulations will be geared to promote the companies' participation in gold mining development, as part of an operational policy intended for that purpose. I confirm the steadfast decision to progress toward those goals, without neglecting a careful protection of the environment that will allow for development that is technologically based and adventurous."

He gave a brief account of the progress in gold mining during recent years, stressing that 140 tract holders have already become established in the appropriate areas, and another 200 concessions are being negotiated.

"The policy of the Ministry of Energy and Mines [MEM] and of CVG has consistently targeted small and medium-scale mining; but there are also incentives for large-scale mining."

The New Mining Policy

Next to speak was Sara Barrios, MEM's director of mines and head of the symposium organizing committee, who cited the change in gold from a basis of the monetary system to a commodity constituting a reserve asset, as a

result of the dollar's weakness in recent years. In Venezuela, the 1983 devaluation and other circumstances have converted gold into an attractive option for reactivation.

"The favorable results of this situation are now being translated into concrete accomplishments and actions constituting the basis for the development of the gold industry in Venezuela, as a result of political action, working as an agent to promote investment in the sector, becoming integrated in a consistent manner with technology and the state.

"The definition of objectives and the policy devised are designed to make plans and carry out action to give a new impetus to mining activity, as well as to create a system of incentives aimed at incorporating the private sector into all the phases of mining development."

Also speaking at the event was Victor Lopez, a pioneer figure in Venezuelan geology and intellectually active at the age of nearly 90, who was named as a member of the symposium's council of honor.

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